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NATIONAL GUILDS

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NATIONAL GUILDS

AN INQUIRY INTO THE WAGE SYSTEM AND THE WAY OUT

BY

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"GUILD PRINCIPLES IN WAR AND PEACE"
"LETTERS TO MY NEPHEW" (ANTHONY FARLEY)

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PREFACE

THE substance of the following chapters appeared serially in *The New Age* during the years 1912–13. But for the origin of the idea of the Guilds as applied to modern industry an earlier date would have to be sought. Both the present Editor of *The New Age* in an article in the *Contemporary Review* of 1906, and Mr. A. J. Penty in his work on *The Restoration of the Guild System* of the same year, had put forward the suggestion that the Guild organisation was indispensable to higher industry at any rate. But whereas Mr. Penty confined his proposals to the mere restoration of the *mediæval* guild, without regard to modern conditions, it was in *The New Age*, during the period 1906–12, that the idea of the *national* guild was first brought into relation both with historical and with recent economic development. And the present work, the first ever published on the subject, is the outcome of that period. The tide of Collectivism, however, was then and for some years afterwards too powerful to admit of even the smallest counter-current. Some experience of Collectivism in action and of political methods as distinct from economic methods was necessary before the mind of the Labour movement could be turned in another direction. This was brought about by the impulse known as Syndicalism which, in essence, is the demand of Labour to control its industry. At the same time that Syndicalism came to be discussed, a revival of trade-union activity took place, and on such a scale that it seemed to the

present writers that at last the trade unions were now finally determined to form a permanent element in society. In short, every speculation concerning the future of industry was henceforward bound to take into account the trade unions as well as the State. Reflecting upon this in the light of a considerable experience, both theoretical and practical, the writers were driven to the conclusions herein stated. In no respect, they believe, have they written " without their book " or in the spirit of Utopianism. The analysis of the nature of wages, here made, for the first time, the foundation of a critique of labour economics, leads inevitably to the conclusion that by no manner of means can wages generally be raised while the wage system continues. There follows from that the necessity, in the minds of real reformers at any rate, to consider the means by which the wage system itself may be abolished, in the interests, in the first instance, of the proletariat, but no less, though secondarily, in the interests of society and of civilisation. The indispensability of the State, upon which the present writers lay stress the more that the Syndicalists deny it, is affirmed and maintained at the same time that the right of Labour to control its production is throughout assumed. In the conception of National Industrial Guilds the writers believe that the future will find the solution of the problems now vexing one-twentieth of our population and ruining the remainder.

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NATIONAL GUILDS

PART I

THE WAGE SYSTEM

I

EMANCIPATION AND THE WAGE SYSTEM

THE more meliorist politics be tested the more certain it becomes that emancipation cannot be effected by patchwork. For over eighty years Great Britain, by parliamentary stitching and patching, has contrived to maintain social order. The worker has been docile because he believed in gradual reform, and because it was promised him and in part secured to him. Had he not believed in gradual reform—the broadening down from precedent to precedent—all the promises in the world would not have kept him in bondage. It is certain, however, that he will continue docile, until he grasps the true meaning of emancipation. He has lived patiently and worked ardently for something that was called emancipation—a good platform word—and for three generations he has truly believed that another decade would release him from his life of degrading toil. "The day of your emancipation is nigh," is a

cry that has gone out to the wearied workman for thousands of years. It has ever been Labour's Messianic mirage. To-day at Socialist meetings the audiences still sing fervently Kingsley's hymn, "The Day of the Lord is at hand." The delusion is carefully fostered by political Socialists of every school. Not that they deliberately delude their followers—that would be bad in all conscience—but, worse, they delude themselves. At least that is the only reasonable inference, for it is inconceivable that Socialist politicians could be so diabolically cruel as knowingly to deceive their faithful followers on the crucial facts of existence. There is also another explanation: Is it possible that they do not know what emancipation really is?

Whatever else it may mean, it is certain that emancipation involves a new epoch, new not only in social and economic structure but new spiritually; a new birth in which men are not only born again, but, as Mrs. Poyser remarked, "born different." Now it is self-evident that social reformers and the most hidebound Conservatives have this one thing in common: neither desires nor dreams of a new epoch. The Conservative says: "The present is good enough"; the social reformer says: "Not quite good enough; let me improve it so that it may continue." It is on this vital issue that the revolutionist differentiates himself from both. But does the revolutionist in his turn really understand the full meaning of emancipation? It is certainly curious that revolutionary literature throws very little light upon it.

What, then, is the essence of emancipation? The answer is simple: the rescue from oppressed or evil living and the inauguration of a healthy method of life. The application of this broad definition depends upon our understanding and appreciation of the fundamentals upon which the existing social structure is based. It

will hardly be denied that the foundation of society is labour. It follows, if the conditions that govern labour are evil and oppressive, that real emancipation consists in replacing those conditions by a new scheme of life. It is an appalling thought, yet not without justification, that the primary condition of labour—life for a subsistence wage—marks no advance upon previous epochs. Apart from purely superficial effects, it may with truth be contended that, fundamentally, wage serfdom (seldom if ever more than a month from starvation) is in no way an advance upon chattel slavery. Changes there have been, bringing in their train social and spiritual modifications, but in essence our wage-paid population is but helotry clipped of some of its more savage features. In what respect do we show any real advance upon the age of Pericles ? Slave labour has given way in part to machinery and in part to the wage system. In that great period an occasional slave absorbed the culture of his masters, and so it is to-day. But in the main the labouring populations of both cycles present the same social and psychological phenomena. Political emancipation leaves the worker quite as much at the final disposition of the employer as was the Greek helot. There is one vivid contrast : The slave-owner brutally and without any shame claimed the power of life and death over his slave ; to-day the same power is cloaked in the hypocritical observance of humanitarian laws that effectually mask brutal powers equally brutally exercised. Then the revolting or incompetent slave was done to death ; to-day he is starved to death—a death that is scientifically reduced to the lingering existence of carefully graded poverty and destitution. The one significant fact that emerged from both the Majority and Minority Reports of the Poor Law Commission was the nicely defined discrimination between poverty and destitution. We frankly admit that we had not previ-

ously recognised any difference between these two conditions of social death. In the final analysis, then, we discover that chattel slavery and wage serfdom have the same economic effect, the only difference discoverable being that the modern political machine has enacted certain laws which are merely sumptuary in their effect, although passed in the sacred name of "emancipation." Now, as in ancient days, wealth is absorbed by the privileged possessor out of the labour of the producer working as nearly as possible at a subsistence wage. Oddly enough, too, these sumptuary laws (that were supposed to favour the economic interests of the worker) have enormously strengthened the social power of the possessors.

The conclusion is obvious—there can be no emancipation save only from the wage system. The way out is to smash wages. It is a curious commentary upon Socialist propaganda in Great Britain that we seldom hear a word against the wage system *as a system of wages*. The plea is for higher wages, shorter hours, or what not, but never for the complete abolition of wages as such. The result is that the younger generation of Socialists never learn that this was once a salient feature of the Socialist crusade: they do not learn it because the older Socialists have forgotten it. It is to the credit of the old Social Democratic Federation that they always thoroughly understood that the real enemy was the wage system. They realised that wages were the mark of a class, and that the class struggle (*lutte de classe*, not *guerre de classe*) meant first and last the complete destruction of the economic bondage implied in the wage system. Yet never was the need greater than to-day to press forward a conscious attack upon it. Parliamentary legislation is based upon the continuance of the wage system. The Insurance Act, the Eight Hours' Day, the Shops Act—

all that body of factory rules and regulations—they all postulate wages as the basis of industrial life. Not only so, but the cost and burden of this mass of legislation fall upon labour, whilst the economic benefits steadily filter into the pockets of the exploiters. It is the queerest topsy-turvy imaginable. We have described these laws as essentially sumptuary. Nominally imposed in the interests of the workman, to dignify and sweeten his life, in reality they are a concession to the queasy stomach of a more fastidious generation that hates to witness brutality but greedily battens upon its profits. It does not like either to kill the animal or see it killed, nor will it do the cooking ; it is content to see the meat upon the table in sumptuous surroundings. And it has discovered that the more it regulates every process from the killing to the eating, the better is the flavour of the viands.

How, then, is this evil and oppressive wage system to be destroyed ? Assuredly the first step is for labour to realise it as the enemy, and to determine never to deviate from the work of its destruction. It is pathetic and tragical how easily labour does deviate on the slightest pretext. Labour's adventure into politics during the last decade has been an exhausting deviation and an appalling waste of time and nervous energy. The second step is to realise that an economic struggle must necessarily be waged in the industrial sphere. Next, labour must realise that its emancipation can only become possible when it has absorbed every shilling of surplus value. The way to do this is by tireless and unrelenting inroads upon rent and interest. The daily and weekly Socialist bulletins should tell, not of some trivial success at a municipal election, or of some unusually flowery flow of poppycock in Parliament, but of wages so raised that rent-mongers and profiteers find their incomes *pro tanto* reduced. And there is no other way. Profits are in substance nothing but rent. Rent,

whatever its form, reduced to its elements, is nothing more and nothing less than the economic power which one man exercises more or less oppressively over another man or body of men. Destroy the power to exact rent and *ipso facto* rent is destroyed. This is the only way of salvation, of emancipation—the only possible release from bondage. Coventry Patmore once satirised the German Emperor's dispatches from the seat of war :

> " Ten thousand Frenchmen sent below,
> Praise God from Whom all blessings flow."

In like manner the daily dispatch from the Socialist seat of war should be :

> " A million profits sent below,
> Praise God from Whom all blessings flow."

Recent events have proved that a direct attack upon rent and interest, intelligently directed, and undisturbed by the clutterings and flutterings of the politicians, is not only possible but feasible. The transport workers kept the politicians at arm's length and won handsomely. The railway men succumbed to the blandishments of the politically-minded Labour Party and lost. The miners almost won but were finally defeated by their politicians. Further, they fought for a minimum wage, whereas the true line of attack is to fight for an ever-increasing maximum. But these were after all mere reconnaissances in force ; lessons have been learnt and will, let us hope, be remembered. The great outstanding lesson, however, is this : the way of emancipation is over the rotting remains of the wage system.

II

LABOURISM AND THE WAGE SYSTEM

One of the minor poets tells us that grey-bearded use gropes for the old accustomed stone, and weeps to find it overthrown. This ingrained reverence for the accomplished fact, even when it is an accomplished nuisance, is as evident amongst Socialists as amongst other folk. The concept of a mild change speedily grows into a sacred orthodoxy, and any deviation from it amongst the faithful is visited with the condign punishment reserved for heretics. And this is precisely the posture of the British Socialist movement to-day. As we see it now, so it began some twenty years ago. The inauguration of the Independent Labour Party marked a distinct departure from the previous revolutionary, doctrinaire and unbending school of social democracy. It was the child of the marriage between the Fabian intellectuals and the provincial labourists. The Manningham strike caused its premature birth; the coal strike marks its virtual death. A little examination of its story (it has no history) will show that it is merely an episode in the four thousand years' struggle between labour and capital, between mastery and servitude. Its principles were specifically and avowedly meliorist; it disclaimed anything revolutionary. It derived from the *Fabian Essays* and it has never grown beyond them. The I.L.P. to-day is precisely where it was when it started. The world movement has swept past it, almost unconscious of it

and assuredly unaffected by it. The lesson to be learnt from it is the poor negative one of what to avoid.

Let us briefly sketch the line of thought that brought it into being. In 1887 were published the *Fabian Essays* In their own genre these essays remain unapproached in clearness of thought and expression. Their authors were unusually clever both in the gentle art of log-rolling and the more sinister art of wire-pulling. They log-rolled themselves into fame, prominence, or fortune, and (to their own dismay) they wire-pulled the I.L.P. into existence. It is curious to reflect that the dominant idea at that time was the possibility and the method of transforming the Liberal Party into a Socialist Party. The London Fabians thought it could be done by a little clever hocus-pocus manipulated by Mr. Webb; the provincial Fabians were not convinced of this, and started the I.L.P. The London Fabians were "permeators"; the provincial Fabians were "independents." But on fundamentals both sides were agreed. The provincial men, inspired by Mr. Keir Hardie, having declared war upon the Liberals, were thrown back upon the Labourism of Trade Unions; but, inspired by Messrs. Webb and Shaw, they preached the doctrines of the *Fabian Essays*. Indeed, they had nothing else to go upon, for the Marxian economics and literature were unknown to them. We have heard most of the I.L.P. leaders, at one time or another, proudly disclaim all knowledge of Marx. What, then, were the underlying principles of this hybrid organisation? Mainly this: that the State was economically a better capitalist than the private employer and far more humane. (We have since discovered that both propositions are at least arguable.) The most important inference from these principles is this: *That they postulate the continuance of the wage system.* In practice it was found that the way to proceed was to develop municipalism—to improve but not to destroy the wage system;

then to acquire political power, with the avowed purpose of humanising but not destroying the wage system. Always was the wage system accepted as inevitable—the wage system of a universal civil service, with its elaborate code of rights, privileges and pensions. Better wages, better wage conditions—the I.L.P. concept never went beyond an army of wage-paid workers. So deeply ingrained was this idea of wages (the necessary corollary of both private and State capitalism) that Mr. Keir Hardie and his I.L.P. colleagues have always contended that the class struggle is extraneous to the Socialist movement, and that it is heretical to base Socialist action upon it. Why talk of a class struggle when the object of their peculiar brand of Socialism was merely to transform the whole community into a completely regimented army of wage-earners ? Besides—a practical consideration—nothing should be said or done to embarrass their excellent and well-intentioned middle-class supporters.

Thus, by refraining from attacking the wage system, which is the foundation upon which rises the whole structure of Capitalism, the I.L.P. became of necessity non-revolutionary and, in consequence, opportunist. It has been compelled to play the game according to the political code, whilst real wages have either relatively or actually declined and wage exploitation has been aggrandised. This is obviously not the advance but the negation and the defeat of Socialism. We are content to let the dead past bury itself if only the political Socialists will open their eyes to the realities of the present situation. But are there any indications of the blind miraculously recovering their sight ? For example, what is to be said of Mr. Philip Snowden denouncing Syndicalism because it abrogates authority ? We dissent from Syndicalism, but the melancholy spectacle of a prominent Socialist-Labourist, whose inept policy has

actually called the idea if not the thing itself into existence, almost forces us into the arms of the Syndicalists. But Mr. Snowden and all his tribe are *par excellence* State Socialists, and, accordingly, the disruption of the wage system is to them anathema. One thing is certain: if the Snowdens do not realise that the wage system is the basis of capitalism, the capitalists do, and are on the *qui vive*. The most cursory glance through their trade and political organs leaves no doubt upon that point. Why are they so nervous lest the wage system should be smashed? For precisely Mr. Snowden's reason: because they diligently seek, at all costs, to maintain authority. What is the sovereign virtue of this authority? The power to exact rent and interest. Everything else is leather and prunella. It is, we fear, only too true that the destruction of the wage system would find the grey-bearded I.L.P. groping for its "old accustomed stone" and grieving its loss. It worships at a ruined shrine, which is now the nesting-place of bats and owls. Those who are alive to the significance of the present phase of the industrial struggle will act prudently if they exclude the present Parliamentary Socialist from their calculations.

We are not blind to the burden thrown upon us to answer explicitly the question: What would you put in place of the wage system? This answer can only come gradually as a developed argument, and we will address ourselves to it with candour and with what thoroughness we can command. We shall be compelled to pick our way carefully through the thickets and morasses of an unknown and unmapped territory, but at least we shall not shrink from the adventurous journey. But the important point now is to remember and emphasise that Socialism has taken a wrong turning. It has assumed that the transformation of capitalism means economic emancipation. We now know that it

means nothing of the sort. The real problem is the complete transformation of the productive processes of the present economic system and a complete transvaluation of all the factors that enter into wealth-production. At least we know this: that emancipation and human exploitation are mutually exclusive; that the essence of human exploitation is the wage system; that any further compromise with the wage system is fatal to emancipation, and that those who compromise are the conscious or unconscious enemies of the new epoch.

III

THE GREAT INDUSTRY AND THE WAGE SYSTEM

We have endeavoured to emphasise how desperately labour is entangled in the wage system and how that entanglement remains an absolute bar to economic and social emancipation. It is evident that such an entanglement necessarily spells such a curtailment of liberty as in practice amounts to its negation. The worker of to-day cannot escape from it, go where he will; he is its prisoner; he is in servitude to it. Yet so universal is it in every relation of life that it seems in the natural order of things, and no voice is raised against it. If it be such an instrument of oppression, the question is pertinent: Why has the attack upon it been so long delayed? The answer is probably this: The workman has meekly followed the dictates of the economists and accepted them with Oriental fatalism. "Allah is Allah!" cries the Mohammedan as the plagues descend upon him; "The working of the economic forces," sighs the workman as the knocker-up rouses him at five o'clock in the morning. The West is as superstitious, as fatalistic as the East. To both free will is something impious. The slaves in the Southern States of America had a similar feeling towards the emancipationist. "These good people would disregard the laws of God," they said in their quaint vernacular. The British workman, in his own vernacular, says of the Industrial Socialists that

they would disregard the laws of political economy. On a celebrated occasion Gladstone "banished political economy to Saturn," and yet, strange is the telling, the Heavens did not fall.

It is altogether relevant to our inquiry into the wage system to ascertain the origin of the workmen's meek acceptance of it. From the death of villeinage, down through the later feudal period, wages obtained, but were profoundly modified by other factors, which disappeared with the advent of the great industry. The workman was then largely, if not completely, master of any process of the manufacture in which he was engaged. Traditionally he was a journeyman for only a period of his life, and had reasonable expectation of dying a master-workman. If his hours were long and his work laborious, at least he enjoyed many social amenities. If his house was darksome or insanitary, at least he was not the victim of slum or quasi-slum life, and his children lived in the sun. They sang and danced, inheriting and transmitting a good physique. We are the last to idealise the conditions of the feudal period; it had its horrors even as to-day. Our point is that the wage system never crystallised under feudalism into a hard-and-fast social régime, binding down the workman to a monotonous round of bare subsistence, varied by periods of unemployment, and ending prematurely in the grave or the workhouse. Economists of every school agree that labour is only a commodity to be bought and sold according to the supply and the demand. And under modern conditions so it is, neither less nor more. The feudal system, unconscious of Adam Smith and his brood, believed that it was something more than a mere commodity; it at least acted as though labour were a human activity of social as well as of economic value and significance. *The influence of the mediæval guilds remained, humanising feudal conceptions of work, which under the*

large industry became always non-human and often inhuman.

Thus we see that, with the advent of modern industrialism, the life of the workman became solely conditioned by a wage system, unaffected by every humane and social consideration. Invariably economic development has its little army of camp-followers, politely known as political economists. Their function is to give philosophic or scientific expression to the needs and necessities of the rulers, masters, and exploiters, in the period in which they live. It then becomes the function of the priests, pastors, and preachers to transmute these economic formulæ into sacred laws and religious duties. The present industrial system has not lacked this particular form of intellectual and theological support: Jeremy Bentham, Nassau Senior, Ricardo, Stuart Mill, and John A. Hobson, each with his own pet theory, but all in complete unity upon the maintenance of wages as essential to the economic system and the social fabric. The most powerful force was Jeremy Bentham, who gave the employers their intellectual justification by his universally accepted theory of the wage fund. In the production of wealth there must inevitably be just so much and no more allotted to wages; it was an iron law against which guilds and trade unions must break their wings. If the labouring population grew disproportionately, then wages must fall—let the labouring class take heed! Malthusianism was recommended as the way out; but it was the employers and not the employees who practised the doctrine. Malthus proved to be more helpful as a guide where there was an inheritance to be divided than amongst workmen, who were admonished not to tamper with the divine command to populate the earth. It is no exaggeration to assert that the wage-fund theory has kept the British proletariat in thrall for almost a century.

It is the root theory not only of commercialism but also of the Poor Law. The infamous Poor Law Report of 1834 was saturated with it, and although modern economists have discarded it for the economy of high wages, it nevertheless remains the rule of thumb (and claw) of the employing classes of Europe and America. Its meek acceptance by the working classes of Great Britain, not excluding the trade unions, will probably be a puzzle to future historians. But we must remember that large considerations operated to disguise its obvious brutality. In the first place, labour had little, if any, intellectual guidance. Then, again, the period was one of enormous commercial expansion, and intelligent workmen were more ambitious to rise from their class and subsequently benefit by the theory than they were to emancipate their fellows from it. We must also remember that throughout the nineteenth century Great Britain enjoyed comparative peace and possessed greater political freedom than was possible on the Continent. The workman said to himself: "Things are bad, but they might be worse—look at the condition of things in Europe." It was thoroughly drilled into him that obedience to law had given Great Britain its social and economic advantage. In this way the British workman not only became law-abiding but gloried in it. The Napoleonic period and 1848 left the British Constitution stable when European crowns were tottering. In all the circumstances, it is not surprising that the British workman accepted as law the teaching of the so-called economists; he not only accepted it but regarded it as a veritable palladium of liberty.

But a new situation now confronts us. The industrial system of to-day affords but little scope to the ambitious workman. He cannot now pass with easy facility into the employing class. The private no longer carries the marshal's baton in his knapsack. The door is closed

against him by the trust and by the swift and facile organisation of capital. He is condemned for ever to remain in the ranks of the exploited. He has accordingly turned his intelligence into another channel. He now says to his fellow-workmen: "We are inexorably yoked together. I cannot better my position without bettering yours. We must stand together and fight it out collectively with our employers." This collective struggle at first assumed a political phase. Twenty years ago this intelligent workman, fed on Carlyle, Ruskin, William Morris, and others, said to his industrial mates: "Let us discard the strike; it is political power we must secure. Not the strike, not the bullet, but the ballot." So said, so done. The Labour Party was born; it made a great cry but brought back no wool. Worse! Labour, diverted into political preoccupations, temporarily lost its industrial power and, in a period of tremendous commercial prosperity, actually lost some of its grip upon the industrial machine, and wages fell accordingly. Is it any wonder that politics now stink in the workman's nostrils and that he has turned firmly to "direct action"? Had a living Socialist Party found itself in Parliament, instead of the present inert Labour Party, led by charlatans and supported by Tadpoles and Tapers, the energies of Labour might possibly for a slightly longer period have been fruitfully employed in the political sphere. But the lesson would have been learnt in due season that the Socialist conquest of the industrial system is an economic and not a political operation: that *economic power must precede political power.*

We are, therefore, brought back to the wage system. While it remains, literally nothing can be done to emancipate labour. Glowing periods in Parliament (with hungry eyes on the Treasury Bench) are of no effect; solemn deputations to the Home Secretary asking for

this or that amendment to existing factory laws or regulations would be laughable were they not so tragically futile; municipal victories are but a form of local intoxication. While the wage system persists, Labour is in leash.

We expect that some misapprehension exists as to the meaning we attach to wages. "Surely," says one, "wages must always exist in one form or another. What the workman receives, whatever its name, is in substance nothing but wages." It seems necessary, therefore, to make clear precisely the meaning we attach to the wage system. An employer, as he pockets his profits, does not regard them, except jocularly, as wages. He gets his profits out of the wages of his employees. No wages, no profits. In other words, the wage system is the arrangement whereby the capitalist produces his wares and is enabled to sell them at a profit. This means that he must absolutely treat labour as a commodity that enters into the cost of production, buying it precisely as he buys the other requisite ingredients. In Lancashire and Yorkshire it is not uncommon to see a notice: "Power for Sale." Just as the weaver buys this power at the lowest market price, consistent with efficient service, so he buys labour. And just as the production and transmission of power must be efficiently maintained, including all the latest mechanical improvements, so also must human power be maintained, the distance above the subsistence line being the exact analogue to the mechanical improvements in the power supply. Subject, however, to the economy of this margin above subsistence, the essence of the wage system is that labour must be mere material for exploitation, to be purchased in the neighbourhood of bare subsistence just as ore is bought in Spain or cotton in Alabama. Wages is the name given to the price paid for the commodity called Labour. But the political economists are agreed that Labour is

a commodity. What of it? We don't care a pinch of snuff. Like Gladstone, we banish political economy to Saturn. We must cease to regard labour as something for which a price must be paid as a mere commodity. The new conception must regard labour as something sanctified by human effort, into which that sacred thing personality has entered. We decline with indignation to count labour as subsidiary to profits, as something on the level with the inanimate. Workmen are not "finished and finite clods untroubled by a spark." Yet so long as they accept the wage system, they bind themselves to the devilish principle that their lives are of less account than dividends, that they are but a part of production for purposes beyond their control and benefit. No wages, no profits. The Socialist line of attack is to kill profiteering by transforming the conception of labour as a commodity into labour as the essence of our industrial life.

IV

STATE SOCIALISM AND THE WAGE SYSTEM

THE British Socialist movement during the past twenty years has been an amazing compound of enthusiasm, fidelity and intellectual cowardice. The pity of it is that cowardice has crowded out the enthusiasm and vitiated the fidelity. Perhaps, however, it would be as foolish to complain of intellectual cowardice in Great Britain as to complain of the weather. The Englishman will always face facts, but he lives in mortal dread of ideas. He is probably the one member of the European family who fails to understand that a living idea is the greatest of all facts, the most substantial of all realities. He hates mystery, and, like a child in the dark, buries his head in the bedclothes, shrinking from and ignoring the mysterious power of things unseen. Being a sentimentalist, he revels in vague ideals and misty conceptions; but his mind rejects a definite theory unless it can be expressed in the concrete. "How does it work out in pounds, shillings and pence?" he asks, and plumes himself upon being a practical man. He has satisfied himself that imagination is for to-morrow and the concrete for to-day. Long views are most suitably housed in the comfortable studies of Academia; the short view that increases wages by sixpence a week is more to his taste. This is always the note and tone of the British delegation at an international congress. Whilst the Latins and Teutons vigorously discuss the theoretical aspects of

some problem, the Britisher gapes like a gawk, wondering when the cackle will end and the horses appear. This attitude has its strength and its weakness. Its strength, in that it avoids party fissure on academic points (the most prolific source of splits and dissensions in parties of the left), and promotes concentration upon immediate and concrete proposals, such as a small advance in wages, factory legislation and so forth. Its weakness, in that it can never take a long view and work steadily towards a great end. Its weakness, because every new legislative proposal—the Insurance Act, for example—finds it in doubt and uncertainty. Its weakness, because it inevitably excludes the intellectuals, who are primarily concerned with the tendency and meaning of party doctrine. The Independent Labour Party exemplifies these good and bad qualities. From its inception down to to-day, it has carefully eschewed doctrine, picking up its ideas haphazard, living on an artificial enthusiasm engendered by political strife. In its ignorance it has frequently condemned what subsequently it has been compelled to accept, and then again has had to reject what in its ignorance it had propounded as good Socialism. It has steadily refused the help of the intellectuals, who, if they joined it, soon found themselves isolated and suspect. The result has been a certain small measure of political success, but, for the rest, an utterly barren record. Not an idea of the slightest vitality has sprung from it, its literature is the most appalling nonsense, its members live on Dead Sea fruit. The joyous fellowship which was its early stock-in-trade has long since been dissipated; the party is now being bled to death by internal bickerings, dissensions and jealousies. It is the happy hunting-ground of cheap and nasty party hacks and organisers, who have contrived to make it, not an instrument for the triumph of Socialism, but a vested interest to procure a political career for voluble inefficients.

The outcome of this unhappy development is primarily this : That only a handful of Socialists in Great Britain have a clear conception of what Socialism means. How could the rank and file know, when the leaders gloried in their ignorance ? Thus Socialism has gradually come to mean the intervention of the State in social and industrial affairs. The origin of this notion is not far to seek. In the earlier days the Socialists had to struggle against the prevailing belief that any kind of State intervention must necessarily infringe upon the prerogatives of the individual. Individualism was the dominant creed. What the individual could do, the State must not do ; laissez-faire was the basis of British life. It was obviously the cue of the Socialists to break down this theory, and accordingly they strained every nerve to increase the power of the organised community. When, therefore, a municipality took over its water or gasworks, the Socialists were quick to acclaim it as a Socialist victory. Gradually it was discovered that certain public services could be more efficiently and economically administered by the municipality than by the individual or the private company, and in consequence the term " Municipal Socialism " acquired a definite connotation.

There is this in common between Municipal and State Socialism : *Both are equally committed to the exploitation of labour by means of the wage system, to the aggrandisement of the municipal investor.* State Socialism is State capitalism, with the private capitalist better protected than when he was dependent upon voluntary effort. And herein we discover why the British Socialist movement has been side-tracked. It expected that under State Socialism a way out would be found from the exploitation of labour ; it has discovered to its dismay that the grip of capitalism upon labour, far from being released, has grown stronger. Nor is that all. The payment of dividends to the private investor is forced

upon the workman, not only as an economic necessity, but as an obligation of honour. How is it done? There is only one way: by perpetuating the wage system. "Let us nationalise industry," say the political Socialists, "and then we shall control it." "Yes, but you must compensate us," reply the capitalists. "Certainly," is the reply, "we will pay you the full and fair price." "How will you get the money?" ask the capitalists. "By borrowing," reply the political Socialists. "Who will lend to you?" again ask the capitalists. "Oh, we will pay the market price for the money," comes the reply. "In that event, we will lend it to you," the capitalists graciously respond. "You can pay us 3 per cent. and provide a sinking fund and we will be content." In this way the community has gained control of an industry on borrowed money. Next enters the workman. The political Socialist director looks at him and fails to observe any marked elation. The old platform manner returns. "My friend," says the political Socialist, "you must rejoice with me, for this is a red-letter day in the history of suffering humanity; emancipation is in sight." "Very glad to hear it," replies the worker, "I suppose you will do something substantial in the matter of my wages." "Hum, yes, in good time," says the political Socialist; "but, you see, comrade, we must pay 3 per cent. for the money we have borrowed and put by 1½ per cent. for sinking fund and 5 per cent. for depreciation account. Then the Treasury insists upon our paying rent for the buildings and land. I am afraid, my friend, that you must wait." "Hanged if I do!" angrily exclaims the worker, "I'll strike." "I am quite sure you won't," suavely says our political Socialist. "You see we are doing all this in your interest, and it would be immoral for you to strike against the State. You would be striking against yourself. Besides, you are in honour bound to pay a fair rate of interest to our

good friends the capitalists, who have patriotically advanced the purchase money." Exit workman scratching his chin and completely mystified. *He remains in bondage to the wage system.* His only means of escape is to smash it. It is not rent and interest that enslave him; rent and interest rely for their payment upon the wage system. No wages, no profits; no wages, no rent; no wages, no interest. Destroy the wage system and a complete transvaluation of every industrial factor follows as an inevitable consequence. To lure the workmen, then, into a misconceived agitation for mere nationalisation is both stupid and cruel.

It is peculiarly humiliating that our spry little Chancellor of the Exchequer had to teach this simple lesson to an avowed Socialist. Mr. Keir Hardie apparently does not yet realise that he is dead. His simulacrum moved an amendment recently in the House of Commons to an official resolution calling for a thorough investigation into the industrial unrest. Mr. Hardie's cure was nationalisation of the mines, railways and land. Mr. Lloyd George faced this issue quite cheerfully. Did he oppose nationalisation? Not at all. On the contrary, there was a great deal to be said for it. Why? Let us quote from the *Times* report:

"He was not combating nationalisation. He thought there was a good deal to be said for it from the point of view of the traders. . . . His hon. friend was very sanguine if he thought nationalisation would put an end to labour troubles.

"Mr. KEIR HARDIE. It will depend upon what you pay.

"The CHANCELLOR OF THE EXCHEQUER said he did not agree, because whatever they paid there would be disputes between the man who offered his labour and the man who made payment for it, in which they would take different points of view as to the value of the labour.

"Mr. KEIR HARDIE said these disputes would then be settled in the same way as disputes in the Post Office were settled—on the floor of the House.

"The CHANCELLOR OF THE EXCHEQUER said he did not know that that was quite an encouraging analogy. . . . One of the greatest strikes in Australia took place on a State railway, and the State railways did not escape during the strikes in France. They had nationalisation of railways in Germany, but wages were much lower there than here."

After this enlightening colloquy is there any sane Socialist who does not grasp the fundamental distinction between economic Socialism and the State capitalism which does not frighten Mr. Lloyd George, who quite candidly admits that it may be a commercially sound proposition, but that it depends upon the wage system, with all the troubles associated with it? We seriously ask the I.L.P. if this is the brand of Socialism for which they are struggling. If it is, then the sooner the industrial Socialists realise the fact the sooner will the atmosphere be cleared and we can get to business. If, on the contrary, the I.L.P. does not accept such a crude doctrine as that proclaimed by their veteran leader, why do they allow him and his colleagues to present Socialism in so ludicrous a garb in the House of Commons?

Let us look at Mr. Hardie's suggestion. He obviously believes in the wage system. In this respect he does not differ from his Liberal and Tory colleagues. He wants more money to be paid in wages. So do his Liberal and Tory friends. Who does not? He thinks the floor of the House of Commons the right place to settle wage disputes. This means that he regards Parliament as strong enough to control the economic forces. He probably does not know it, nevertheless he is really a puzzle-headed State capitalist.

We now see that State Socialism is no panacea for economic servitude. On the contrary, it rivets the

chains a little more securely. If it were otherwise, is it probable that both the orthodox parties would commit themselves to it? In the early days of Municipal Socialism some of its warmest supporters were Tories, and its keenest opponents were Liberals. To-day railway nationalisation finds large support from both parties, while numerous Chambers of Commerce have declared for it. Cannot Mr. Hardie be made to see that such support is not tendered because of Labour's beautiful eyes? It is a simple fact that a considerable extension of State Socialism would be agreeable to capitalists. We are passing through a period of commercial expansion. British capital, more than ever before, is being placed in all parts of the world. These investments are speculative. For every such speculative investment abroad it is not unusual to cover the risk by an absolutely sure investment in home securities. What more secure than lending to the State? Further, our Government securities are always easily liquidated. State Socialism is a gain and a convenience to the private capitalist, who can at one stroke average his risks and keep in his safe scrip that can instantly be turned into ready cash. Yet this is what Mr. Hardie and his colleagues offer the wage-earner to ease his unrest and render him happy ever after.

We do not think the wage-earner will be deceived by so transparent an imposture. The facts of his daily life will soon teach him that a State guarantee to pay rent and interest is by no means the right way to abolish rent and interest. The only one guarantee the capitalist can rely upon for the payment of his dividends is the wage system. The only guarantee the State depends upon for the payment of its liabilities is the wage system. Our commercial and social arrangements, in the final analysis, are contingent upon the workmen remaining content with wages. For what does the social contract imply?

Plainly this: that rent in whatever form is a first debenture upon the labour of the wage-earner. That interest is a second debenture upon the same product. That prices are fixed upon the basis of rent and interest remaining as first charges upon labour, which has to be content with a wage that is based upon a calculated subsistence. State Socialism, as we have seen, perpetuates these debenture charges upon the fruits of labour. Who, then, can forbid the continued imposition of these burdens? The wage-earner, and he only. He has but to make up his mind that his life must take precedence over both rent and interest, to back up his decision by collective effort, and the wage system crashes to earth, bringing down with it everything that lived upon it. We have seen that the wage system is based upon the conception of labour being a marketable commodity. It is for the wage-earner to proclaim the larger truth that his labour is his life, that his life is a sacred thing and not a commodity, that his life must not be subject to any kind of prior claim. By that act of faith the wage system is abolished and the worker stands on the threshold of emancipation.

V

INTERNATIONAL ECONOMY AND THE WAGE SYSTEM

If Great Britain were a self-contained economic unit, with a happy equilibrium between its home demand and supply, if it were unaffected by economic and commercial changes over the rest of the world, it might then, so the critic may aver, transform its wage system into the Guild System without fear of the consequences. To argue in this way is to argue that National Guilds are uneconomic, wasteful, a drag upon our national vitality. The exact reverse is the case. We have seen that the wage system carries on its back the burden of rent and interest; that the refusal of labour to work for wages is tantamount to the discharge of that burden. This, in its turn, means that the production of wealth can proceed unhampered by the depredations of the rent-monger and the profiteer. Therefore, one of two courses is open to the emancipated wealth-producer: he may either continue to produce the same or a greater amount of wealth as heretofore, with a consequent gain proportionate to the amount of rent and interest saved, or he may comfortably reduce the amount of wealth previously produced in proportion to the amount no longer demanded by rent and interest. But, inasmuch as an increased productivity of wealth spells increased comfort, the former alternative is the one that would be adopted. Incidentally, we may observe that we use the term

" wealth " in the classical sense—that is, as the economists use it. But the last word has not been uttered as to the precise meaning of wealth ; the Guild principle will undoubtedly evolve new conceptions of wealth as well as of wealth production. But we are now concerned with the influence of international exchange upon our national economy. It is not only convenient, but entirely right and natural that we should have regard to the economic power of our nation *qua* nation. Socialists are not cosmopolitans, they are internationalists ; and you cannot be an internationalist unless you are first a nationalist. Let us, then, admit that whatever weakens us economically in our relations with other nations is, *ipso facto,* inadmissible. We may temporarily weaken ourselves for some large political purpose, as, for example, by the imposition of a preferential tariff to cement the Empire. This was originally the argument used by Mr. Chamberlain. He subsequently discarded it, because he discovered that amongst its wealthy supporters unselfish patriotism was regarded as foolish and chimerical. But, whilst the idea of an economic sacrifice for a great object is conceivable, it is not often practical politics, for the reason mainly that what is ethically desirable is economically necessary.

The Guild System does not shrink from this supreme test ; on the contrary, it welcomes it. Why not ? For assuredly the argument is all one way. The wage system, as we have seen, is wickedly wasteful, because it carries on its back not only an army of non-producers who are large consumers, but also a large number of parasitic industries that minister to the luxuries and vices of the non-producing consumers. If these uneconomic elements be eliminated, who can calculate our increased economic power as a nation and a community ? The international economic struggle to-day is conducted as a sort of weight-handicap race in which labour in

every civilised country carries varying degrees of weight-exploitation nicely adjusted to the international market. The more highly civilised the nation the heavier is labour's handicap. For of what use is civilisation to the rent-monger and the profiteer unless they can exploit it? And how can they exploit it except through the agency of the wage system? If, however, labour in Great Britain throws off this handicap by smashing the wage system, what fool is there who will contend that its power to produce wealth is weakened? One might as well argue that a man with hæmorrhage is the best man to run a hard and exciting race.

In the sure and certain knowledge that the stanching of the hæmorrhage of rent and interest leaves us as a nation stronger and not weaker, what, then, is the nature of our relations with other countries?

The conception of international exchange propounded by the Manchester School had much to recommend it. Broadly, it was this: that nations exchange their superfluities with each other. Do America and Canada grow more wheat than they consume? England has need of it, and in exchange will send manufactured goods not made across the Atlantic. Does China grow more rice than she requires? We are ready and willing to exchange something that we produce for the rice. Nor is direct exchange necessary. China may have no use for anything of ours, but a third or a fourth country may be the medium of exchange through the agency of some product in demand in China. In this way the trading community becomes an international bourse where the supply and demand of every country are regulated. The fundamental fact never to be forgotten is that international trade is barter. We pay for labour's productions with labour's productions. International banking is but a convenience to the great end that each country shall have access to the natural and manufactured

products of the world in exchange for such excess of the home commodities as may be required. That a money value is placed upon home and foreign commodities is a convenience and not a necessity. Even yet we barter with nations who do not understand money. There are several businesses in Birmingham that make articles for direct exchange, images of gods and ju-jus amongst them. But the Manchester School assumed that foreign trade was best conducted on what it called "individualist" lines. Collective bargaining was anathema. We have long since passed away from that particular conception of foreign trade. The individual profiteer found himself helpless in the face of political difficulties and never-ending international complications. He accordingly fell back upon a species of collective bargaining, his side of the contract being protected in part by his Government, acting through the local consul, in part by the Chamber of Commerce, and in part by himself or his agent. With the increased stringency of international competition, resort has been made more and more to Government support. More and more is it demanded of the Consular Service that it shall effectively co-operate in the extension of British trade in every quarter of the globe. One thing, however, it must not do: it must neither buy nor sell. That would be an invasion of the sacred rights of the profiteer. It is true that a well-organised Consular Service could exchange its national products to much better advantage than is possible to the profiteer. But does he care for that? Safely entrenched behind the wage system at home, he utilises the Consul, not in the interests of his country, but in the interests of private exploitation. Travellers can tell strange stories of the exactions of the private trader in every part of the world. It is a simple fact that for a large proportion of the raw materials and commodities imported from other countries we pay through the nose.

We should effect untold economies if we were to hang the principals of our foreign trading concerns. The process would be unpleasant, but it would encourage the others. Great Britain is by way of being proud of its gigantic foreign trade, but the man with a shrewd eye and some sensibility, who has seen the operations of European traders in, say, China, India, the Congo, South Africa, Brazil, Peru, knows that we ought rather to blush for than to boast of our foreign trade. Labour, having once conquered the production of wealth, by the break-up of the wage system, with the consequent elimination of the non-producing but consuming factors, has only to annex the Consular Service and to man it with Guild representatives. That accomplished, we can exchange our products to even greater advantage than heretofore, and at the same time humanise many parts of the world that now writhe under the exactions and oppressions of buccaneers and profiteers.

Having now examined the home and foreign implications of the wage system, we venture upon a generalisation: *Private capitalism, by means of the wage system, exploits labour to expand rent and interest; the Guild System exploits the earth to expand life.*

This generalisation commits us to international co-operation in the exploitation of the earth, whereas we have been arguing that the substitution of Guilds for the existing wage system would give us an advantage over other nations. It is certainly true that every new departure based on sound economy confers an advantage upon the community wise enough to start out courageously on a new life. The advantage is inherent in the new scheme of life. But we do not smash the wage system and construct a new social fabric to gain a march upon labour in other countries. We do it so that men and women in Great Britain shall live, whereas previously they only existed. We believe that we should be setting

an example that would speedily be followed by France, Germany and America. The advantage gained by the first country to adopt Guild organisation is less economic than commercial. Another basic principle now looms up on our horizon : *A bad economic system in one country bears down the standard of life of the whole world.* Gresham's law applies to life as well as to money. Poverty degrades ; its influence ripples to the outside edge of the world. Indecency corrupts ; its odour offends the nostrils of Jew and Gentile. In like manner and for the same reason, an oppressive wage system affects labour everywhere. And herein we discover the true justification for international Socialism. When the German Social Democratic Party sent a large subvention to *L'Humanité* it was helping its own cause in Germany just as much as it helped the French movement. To stimulate international Socialism is to strengthen Labour in every part of the world. Thus the downfall of the wage system in Great Britain is the harbinger of the emancipation of Labour everywhere. This result would be effected in two ways : In the first place, private capitalism in Germany or France could not compete in the world's market with Guild labour in Great Britain, and would in consequence be compelled to abdicate ; in the second place, Labour in Germany or in France, realising the true meaning of Labour's victory in Great Britain, would revolt against its own wage system and end it. Having no reason to compete with Germany, but rather having the greatest possible inducement to co-operate with his German colleagues, the British Guildsman would aid them by every means in his power. Internationalism is by no means a figure of speech. It means not only social and intellectual comradeship but economic co-operation to an extent as yet undreamt of in our barren commercial philosophy. Look at it how we may, the

wage system is the main obstacle to the Socialist conquest.

There remains yet one other important consideration. With the intellectual and social advance of Labour in Europe, finally released from the incubus of the wage system, a new standard of wealth production will be evolved, bringing in its train a new civilisation. Does this mean that those nations that remain faithful to the wage system must become the hewers of wood and drawers of water for their emancipated brethren? Will the Chinaman or the Bolivian, the Negro or the Persian be forced to perform the menial tasks of the world? It looks uncommonly like it. Will it not be at least human for the European worker, emancipated from drudgery, his mind bent upon transforming his work into an art or a craft, to leave the lowest tasks to the coolie? It is indeed probable. Perhaps, in the inscrutable decrees of Fate, this may be the way ordained to emancipate those who will then walk in darkness that is the shadow of servitude. We may at least comfort ourselves with the reflection that through economic emancipation we shall have achieved such a higher form of life that even servitude such as this will be too dangerous, too corrupting, to tolerate. If it be so, as we would fain hope, then we shall end it, by force if needs must. Armageddon may perchance come that way. It would be a battle worth fighting—and who can doubt the issue?

VI

UNEMPLOYMENT AND THE WAGE SYSTEM

In our previous chapter we described the exactions of rent and interest as hæmorrhage—an exhausting effusion of life-energy from Labour of which the wage system is the direct and main cause. The wage system is the fruitful parent of another evil—the septic poisoning of the body politic by human wastage—the wastage of unemployment, of poverty, of premature death and decay. The facts are only too painfully evident. It would be easy to fill whole chapters with statistics of unemployment, poverty and disease. They need not be cited here, because they are not disputed. The most horrible aspect of these tragic elements in our midst is that they persist in times of prosperity. Take the month of April 1912, for example. No one will deny that trade was extremely good. Yet the percentage of unemployment that month was 3·6, nearly 1 per cent. more than the year before. This, however, may fairly be ascribed to the coal strike. But what does 3·6 per cent. of unemployed mean in terms of human life? This: nearly 600,000 wage-earners unemployed, or 2,400,000 men, women and children on the verge of starvation. Yet, as we reckon human affairs to-day, this is not considered particularly serious; certainly nothing to worry about. It is, in fact, a rather convenient total. It is not so large as to cause much outward discontent and agitation; it is just large enough to keep down wages.

A margin of unemployment is essential to the maintenance of the wage system. We are aware that the younger capitalist school contends that it is possible to absorb all the unemployed without dissolving the wage system, which is admittedly the basis of the capitalist's power to exploit labour. This is really the keynote of the Minority Report of the Poor Law Commission; it is the argument of Mr. W. H. Beveridge, the presiding genius at the Labour Department of the Board of Trade; it is the belief of that variegated school of social reformers who find their views expressed in the *Daily News* and the *Manchester Guardian*. How do they propose to do it? These clever people have looked into the subject and they have discovered that there are two classes of unemployed: the competent workers temporarily out of work, and the unemployables. They have made another discovery: there are two kinds of unemployment: seasonal unemployment, clearly due to the act of God, and chronic unemployment, caused by various maladjustments of industrial organisation. Having defined the subject to their complete satisfaction, they find that the solution is easy—so easy that we are surprised nobody ever thought of it before. The unemployables, of course, must have curative treatment. For them, God wot, the labour colony. Isn't that the acme of simplicity? At these labour colonies, men and women are to be trained in the technique of some trade and are to be endowed with habits of thrift and sobriety. To what end? That when they are technically and morally fit they may again assume their ordained position in the wage system, where they shall again be suitable subjects for exploitation. In regard to the unemployed who are the victims of seasonal occupation, they must be taught an alternative trade. The other unhappy class of unemployed present the simplest form of the problem. Their case is met by our old friend in political economy,

mobility of labour. What we must do, therefore, is to make it easy for these men and women to move from one part of the country to another. Therefore we must have a system of labour exchanges, and (with certain precautions) we may advance their railway fares. Anybody with a turn for mathematics can see at a glance that, in the unceasing general post of unemployment, every unemployed person can settle in somewhere, at some time and at some wage not to be despised. It involves a little State organisation, a few sympathetic officials, preferably of the Fabian type, *et voilà tout*! Is it by now superfluous for us to remark that all these labour colonies, all these labour exchanges, all this State organisation, informed and permeated by clever Fabianism, are designedly rendered subservient to the maintenance of the wage system?

It would not, however, be fair to suggest that the social reformers have, with these proposals, shot their last bolt. They admit that, notwithstanding all these Governmental contrivances, there would still remain a surplus of deserving unemployed. Clearly something more remains to be done. Obviously, private capitalism has absorbed its maximum number of employees, therefore the State must do something. What can it do? Ah, well, that is not so easy. It is certain that, first and last, it must not set any worker to uneconomic employment. There are, however, various public undertakings of distinct economic value—afforestation, recovery of the foreshores, transforming slums into sanitary tenements, and—an unpleasant topic—emigration. But these undertakings demand capital. Very good; let us borrow. The capitalist smiles. Another safe investment! How splendid it is to have a paternal government that, at one and the same stroke, offers a sound investment and perpetuates the wage system! In such circumstances, under such auspicious conditions, it is

certainly worth while to spend a few thousands each year on the upkeep of Christian missions, whose function it is to train *hoi polloi* in the doctrine of social discipline. Thus, Labour, acting on the advice of these remarkably earnest and enthusiastic social reformers, finds itself in the same old vicious circle. It asks the private capitalist for more humane conditions. "Certainly," is the answer, "providing you are efficient wage servants, and thereby enable me to pay rent and interest and make a decent profit." It asks the State Socialist to relieve it of its deadly disease of unemployment. "Certainly," answer the MacDonalds, the Hardies, and the Snowdens, "it is the problem that called us into political life. We will, as a State, put your unemployed to economic tasks, but you must honourably remain wage slaves, because the wage system is the only way whereby we can pay rent and interest to the capitalists who advance the necessary money." Wherever Labour turns, it is thus caught in the trap of the wage system.

There remains yet another question to be answered: Even though it be necessary to maintain the wage system, is it not better to adopt State Socialism, so that the unemployed may be drained off the labour market and thereby enable the wage-earner to exact a higher wage? If a margin of unemployment be necessary to keep down the wage level, does it not follow that if that margin disappears wages, *ipso facto*, must rise? The answer to this question is twofold: First, wages cannot appreciably rise whilst the worker accepts the wage system as the basis of his bargaining; secondly, the employers, for at least another generation, can automatically create a new margin of unemployment by the introduction of labour-saving machinery.

Let us examine both these propositions a little more closely. It is clear that wages cannot rise much beyond

the level of bare subsistence so long as rent, interest and profits have a prior claim upon the products of labour. Whether the market price of the commodities produced be fixed by international or domestic competition, or by the capacity of the consumer, or (as is generally the case) by both influences acting and reacting upon it, there now remains no kind of doubt that in our national economy there is not room for rent and interest to live if labour absorbs its own surplus value. The essence of the wage contract is that labour must itself be a commodity entering into the cost of the article, the surplus to be divided between rent, interest and profits. Break that contract and the whole social contract must be revised. If labour is strong enough to break the contract, it is obviously strong enough to capture the plunder. But it cannot do so if it accepts wages in principle or form. The essence of this implied contract has entered into our common law. Labour, by means of the wage system, must implement the employer of obligations to rent and interest. This is put bluntly by a lawyer in the *Daily Mail* :

" I object most strongly to the statement that breach of contract is a ' theoretical wrong.' It is not only the working man who suffers from the decline in the purchasing power of money. No one suffers from it so much as the so-called ' idle rich,' many of whom are neither idle nor rich, but all of whom derive their income from contracts under which they are entitled to receive a fixed income of so many pounds a year, whether trade is good or bad and whatever the purchasing power of these pounds may be. The ' idle rich ' do not grumble, but are content to take the rough with the smooth. And whatever may be the defects of lawyers as politicians, the common law of contract is a just law."

If, therefore, labour accepts this law of contract as just, it must accept the wage system and all that it

implies. And it follows that, even if the margin of unemployed be removed, the continuance of the wage system absolutely precludes any appreciable increase in the standard of life. The truth of this becomes more apparent if we examine our greatest national industry, agriculture. There is practically no margin of unemployed in our rural districts, yet wages remain disgracefully low. Why? Because the farm labourer accepts the wage system and accordingly most kindly and considerately pays his employer's rent at the cost of his own children's souls and bodies; pays the rent and the interest on the capital outlay of the farm gear and machinery by the social and economic degradation of himself and his wife. Although there are practically no agricultural unemployed, certainly not enough to constitute an effective margin of unemployed, yet the farm labourer remains in degrading bondage to the wage system.

It thus becomes evident that the profiteer's chief bulwark of defence is the wage system. Nevertheless, he holds in reserve another weapon—the power to discharge labour. This power is, however, conditioned by his capacity to pay rent and interest and make a profit. He will not, therefore, discharge labour without good cause, and unless he has a substitute for it. The good cause is mainly this: that he can no longer exploit labour to advantage. In other words, he can only pay for the commodity, labour, when its price does not put him out of action. If the price of labour fulfils this condition, he is content. But if the vendor of labour demands something in excess of its commodity price, the profiteer brings to his aid the inventor and the engineer, and in a twinkling an automatic machine is at work, and fifty men are thrown upon the scrap-heap. Fifty men? Say rather five thousand: for the competitors of this profiteer must not only follow his

example but, if possible, better the instruction. The political economist has his answer all pat and glib. He tells us that whilst it is very sad that these five thousand worthy men should thus be temporarily inconvenienced (we must not forget that labour has the priceless quality of mobility), nevertheless the introduction of machinery is good for the engineering industry, and that what we lose on the swings we make up on the roundabouts. But even the political economist has not the effrontery to contend that one unemployed engineer is brought in for every one man displaced by the new machine. We know that the output of ten engineers can easily put a thousand labourers out of employment. Our political economist grows irritable when reminded of this simple little fact. "Tut! tut!" he exclaims, "we have only to consider the economic production of wealth." We need not pursue the argument. Whatever the pedants may affirm as to economic wealth production and the mobility of labour, the fact remains that at this moment, when trade is good, we have a standing unemployed army of nearly 600,000, they and their dependents living in a hell not of their seeking. Nor can there be the slightest doubt that the employers of this country purposely maintain a margin of unemployment, and justify it on two grounds: (1) that they must have a reserve of labour to meet excessive demand; (2) that wages can only be regulated by the employer being in a position to argle-bargle, with the unemployed to fall back upon. Mr. Arthur Chamberlain was quite frank on this point. Some years ago, arguing in favour of Free Trade, he pointed out that unemployment was lower in Free Trade England than in protected countries. "But," he added, "we must maintain a certain reserve of unemployed, or what would we poor manufacturers do?" The most that can be said for the removal of the unemployed, if under private capitalism such a thing were possible, is

that it would strengthen labour in a conscious onslaught on the wage system. But if labour can still be induced by private or State capitalists to continue working under the wage system, then the solution of unemployment would not materially benefit labour.

VII

DEMOCRACY AND THE WAGE SYSTEM

I

It was, we think, Abraham Lincoln who defined democracy as government of the people by the people for the people. This is the conception of democracy common to all Republicans and Radicals throughout the world. Gladstone differentiated Liberalism by his famous aphorism: "Toryism is mistrust of the people qualified by fear; Liberalism is trust in the people qualified by prudence." A moment's clear thinking discloses the disconcerting fact that Gladstone's distinction between Toryism and Liberalism is more apparent than real. In either alternative a governing class is predicated. But did not Lincoln also assume a governing class? A lawyer himself, we suspect he imagined a class of pure-souled attorneys, not unlike Mr. Lloyd George, springing out of the people, voluble in first principles, devoting themselves to the political service of the People with a capital P. The ministrations of the lawyers were to be mitigated by successful men of business, who would "know when to come in out of the rain." It is almost certain that "class" representation would have been as abhorrent to "Father Abe" as it is to Mr. Balfour. To both men, class representation would mean the importation into the body politic of craft representatives. Mr. Balfour and his congeners believe in class government—

their own class—and so did Lincoln—his own class. The Chartists and the early English Radicals were dominated by the same idea—a political hierarchy, drawing its authority and inspiration from the mass of the people, but a governing hierarchy none the less. The Balfourian conception dates back to the Caroline period; the Lincoln-Radical-Chartist doctrine derives from the French Revolution. Both conceptions are now out of date; both are equally irrelevant to modern life. Take one example — local representation. A member of Parliament is supposed to represent his own county or borough. He is presumed to know by experience and knowledge the needs of his own locality. Then, as occasion arises, he is expected to say, "We in our county believe." But how remote from the fact! The House of Lords comes nearer to district representation than does the Commons. Thus most noble lords take their title from some place in which they are interested by land ownership. But the majority of the Commons have only a carpet-bag concern in their constituencies. Further, each member is supposed to speak for his constituency as a whole. Occasionally some newly elected member pays lip-service to this principle. Returning thanks for his election, he says: "Now that the fight is over, I will remember that I represent not only the majority that has elected me, but the minority also." His new constituency is, of course, politely incredulous. The minority, sore with defeat, regard him as a prevaricator; the majority, elated with victory, determine that he must toe the party line. No nonsense about that!

It would be easy to enlarge upon the anomalies of our present political system. We are now only concerned with the relation of the present political structure to the wage system. Now there is substantial agreement amongst all politicians that the British political system is democratic. It is true that the Liberals and Labourists

demand some further extension of the franchise, whilst women are also claiming the same thing in varying accents. But it is not seriously contended that universal adult suffrage would fundamentally change our system of government. The Liberals ponder whether it would benefit the Tories ; the Tories, whether it would benefit the Liberals ; the Labour Party does not so much ponder as gape in honest and well-intentioned vacuity. (They are the fifth wheel on the political coach and are of no particular importance.) How comes it, then, that our democratised political structure still remains unrelated to democratic reality ? The answer is simple : *Four-fifths of the community are imprisoned by the wage system, and the wage system is the negation of democracy.*

Nearly seventy years ago Abraham Lincoln conducted his historic campaign against Judge Douglas on the affirmation that no state could continue " half slave and half free." He did not foresee the marvellous social inventions of the second half of his century. How was he to know that, in the name of the particular type of freedom which he advocated for the negro, both black and white would in a generation be conquered by a more insidious form of servitude ? How could he foretell the outcome of a capitalistic system that left the modern world one-fifth free and four-fifths servile ? There need be no mistake about it : every wage-earner carries with him the stigmata of his caste as obviously as if he were a branded slave. He is excluded from the social opportunities extended to the middle and upper classes ; special legislation is passed almost every Parliamentary session relating to and further defining his status in the wage system, just as in America there was constant State legislation relating to the enslaved negro. The formal, legal resemblances between the wage-earner and the slave are altogether remarkable. Too much stress has been laid by Socialists upon the similarity of material condition between the

wage-earner and the slave. "How much better off are we than the slave?" is an appeal that has doubtless some trace of truth in it, but its value is rhetorical rather than scientific. In the material things of life there can be no doubt that the general body of wage-earners is much better off than was the general body of slaves, although probably our "submerged tenth" suffers more from actual privation than did the Southern slaves. But so far as status goes the similarities are deadly. In the first place, it was not intended that the emancipated negro should become a citizen. Lincoln declared against it: "So far as I know, the Judge never asked me the question before. He shall have no occasion to ask it again, for I tell him very frankly, that I am not in favour of negro citizenship. . . . If the State of Illinois had that power, I should be opposed to the exercise of it. That is all I have to say about it." Here, then, is the father of modern democracy, who believed in emancipation without citizenship. Events were too strong for Lincoln; the negro obtained the vote. There are 12,000,000 negroes in the Southern States, but they have not a single representative in Congress. Why? They are as effectually shackled by the wage system as they were by the slave system, and their masters manipulate the party machine. Their status is that of wage-earners, and what has the wage-earner to do with government? And, be it noted, there is not a single white wage-earner in Congress, unless Victor Berger, the Socialist representative from Milwaukee, ranks as such. He is certainly the only member of Congress who claims to act for the wage-earners, and as we unhappily must admit, like the Labour members in the British Parliament, he accepts the wage system.

We have already commented upon the particularist legislation passed by the House of Commons. Will anybody pretend that such measures as the Workmen's

Compensation Act, the Miners' Eight Hours Day Act, the body of legislation relating to public-houses, the innumerable Factory Acts, are not measures quite specifically designed to define and perpetuate the wage system, and are on all fours, although doubtless more humanely designed, with the slave legislation adopted in America in the first half of last century ? And here we stumble upon another curious resemblance. The overwhelming majority of the American people, including Lincoln, believed that the slave system must persist indefinitely ; the vast majority of the British nation hold the same belief in regard to the wage system. *Absit omen !* Slavery disappeared in a gigantic national convulsion ; shall we in Great Britain choose a more excellent way ?

Perhaps, however, the most effective method of maintaining the wage system is our educational machine. It is carefully decked out in democratic trappings ; it is avowedly designed in the interests of the democracy. We proudly tell our foreign visitors that the child of the millionaire, of the merchant, of the shopkeeper may sit and learn with the child of the artisan. They may ; but they don't. The reason is not far to seek : the school curriculum is drawn up by the governing classes in Whitehall (Oxford and Cambridge preferred), not for their own children but for the children of the wage-earners. The employer would be a fool to send his boy into such an environment. Of course, the democratic formulæ are maintained inviolate. " Look," says Whitehall, " what a splendid elementary education we give. Its cost is £24,000,000 a year. It is open to rich and poor. We do not stint educational appliances ; the very best desks and seats, beautiful black-boards, splendid buildings." Who has not heard the whole story, *ad nauseam* ? As a matter of fact, it is not education ; for education implies emancipation, and that is the last thing our mandarins desire ; it is instruction,

and very competent instruction at that. An educated governing class and an instructed wage-earning class is the ideal aimed at and in part realised. But we would not dream of libelling Whitehall by suggesting stupidity. They are no fools, the Morants and Holmes'. They never give the game away. How do they do it? Never in black and white; there is nothing in the printed word to which the most exacting democrat could seriously object. Whitehall learnt its lesson from Lancashire. The deciding factor in Lancashire in turning out fine counts is atmosphere; the dominant element in our schools is also atmosphere—the impalpable influence constantly brought to bear upon the child that, when it has passed a certain standard or reached a certain age, it will be permitted by a gracious Government to go out into the world and become a wage-earner. Is that the atmosphere at Eton or Harrow, Rugby or Marlborough, Clifton or Malvern, Westminster or Charterhouse? In those ancient foundations will be found the governing atmosphere; there the children are taught how they can live most effectually, by means of the wage system, upon the exploitation of the future labour of the millions of children in our county and borough schools.

Are we not, however, forcing an open door? Is it not evident that all our so-called democracies, Great Britain, the British Colonies, France, Switzerland, the United States, are vitiated by the absence of equality, which is the basis of democracy? Mr. William English Walling, in his admirable book, *Socialism As It Is*, remarks: "Not only do classes defend every advantage and privilege that economic evolution brings them, but, what is more alarming, they utilise these advantages chiefly to give their children greater privileges still. Unequal opportunities visibly and inevitably breed more unequal opportunities." Now it has been recognised by Socialists for the last thirty years that equality is a

mirage, so far as the present generation is concerned. "But," they cried in their despair, "at least give our children equality of opportunity." We now see that, from its birth and on through its schooldays and so into the workshop, the child of the wage-earner is denied equality of opportunity. The equality is a dream; worse, the opportunity is so exiguous as to be practically non-existent. Can it now be denied that the proscription of the wage-earner is rendered inevitable by the wage system?

All existing political democracies have the same thing in common—the wage system—and all betray the same symptoms of democratic unreality. The spectacle of plutocratic Britain posing as a democracy is grimly humorous, but there are historic reasons. The manufacturers of Lancashire and Yorkshire (white rose and red rose combined), having acquired great wealth, desired political domination. To secure this, they had to call into political existence a new electorate to balance the old. They accordingly fought for the extended suffrage which was won in 1832. But whilst willing to wear the halo of saviours of their country, they naturally expected their employees to vote for them with the same fidelity that the landlords' tenants voted for their feudal lords. It was war to the death between the feudal and wage systems. The result was, of course, inevitable. But the factory lords had no intention of establishing equality between themselves and their wage slaves. Just as slave emancipation, leading to political emancipation, became a political necessity to Lincoln and his associates, so the political emancipation of the wage-earners became a necessity to the commercial magnates of our manufacturing centres. And just as the American politicians successfully nullified political emancipation by imposing a brutal wage system upon "the land of the free," so precisely did the commercial magnates proceed

in Great Britain. They brought to bear upon the discontented workman all the influence that their wealth gave them; the churches, which they handsomely subsidised "to the glory of God," were easily brought into line—John Ball was dead; the landed gentry soon discovered upon which side their bread was buttered, and acted with characteristic discretion; the Universities took their cue from church and squire; the Army and the Navy were "sound." Is it any wonder that, in such circumstances, the workers were successfully enmeshed in the wage system and rendered politically powerless? How vividly suggestive is the colloquialism that still persists: the workman "knows his place."

From these conditions, historic and economic, flows a conclusion: In all the political democracies there are two classes of citizenship—the active and passive. The active citizen derives his authority from his economic position; the passive or subdued citizen is the wage-earner, who is inevitably passive because he is caught and choked in the wage system. The existence of a political Labour Party does not in the least invalidate this conclusion. For two reasons: because political Labourism accepts the wage system and is, therefore, *de facto*, passive or subdued; and because it only gains its foothold in Parliament by the complaisance of Liberal capitalism. If our Labour leaders deny the truth of this contention, they can easily test it. Let them discard their present meliorist programme and undertake a frontal attack upon the wage system. They will very speedily make some interesting and fruitful discoveries.

II

The prevailing conception of democracy suffers from a fatal defect: it assumes that universal suffrage spells

equality, admittedly the basis of democracy. If, so runs the argument, every man has the vote, he must be a citizen, equal with other citizens, and if the electorate chooses to maintain the existing order of society, then it follows that society is democratised; in short, that the master's ballot paper is no whit more powerful than the servant's. This idea was so enticing that Mr. Andrew Carnegie, of Homestead, near Pittsburg, Pa., wrote *Triumphant Democracy*. (Incidentally, he wrote it before the Homestead massacre.) But the argument completely ignores the conditions precedent to the casting of the vote—and it is those conditions that settle the question whether our democracy is social, that is real, or whether it is a political abstraction. In the course of our inquiry into the wage system we have discovered that economic power must precede political power; also, that the wage system is the negation of democracy. If, therefore, in the social structure of the nation, we find that the majority of the voters, or citizens, possess political power without any corresponding economic power, it is evident that real control must rest with those who are economically strong enough to impose their will. *Ex hypothesi*, it becomes evident that the struggle for social democracy must be fought out in the economic and not in the political province. But, inasmuch as the wage system nullifies social democracy, it is clear that the struggle for economic power can only be waged on equal terms after the wage system has been destroyed. Need we add that the practical issue from these facts is that in fighting for the abolition of the wage system, Socialists, democrats and trade unionists meet on common ground and are faced by a common enemy?

We have seen that the existence of two main divisions of society (however sub-divided)—the possessing classes and the wage-earners—creates two types of citizenship, the active and the passive, which accurately respond to

the power, qualities and psychology of the two economic divisions. Vote or no vote, what actually weighs in society is the power to exploit. " Money talks," is the way this truth is phrased in democratic America. In that austere Republic no pretence is made that the wage-earners are entitled to any consideration. The determining factor is Wall Street and not the American Federation of Labour. Indeed, Mr. Samuel Gompers, the head of that important Labour organisation, has only just escaped twelve months' imprisonment for upholding the elementary rights of trade unionism. But the passive quality of the wage-earners' citizenship is seen more clearly in New Zealand, a British Colony famous for its " Socialistic " experiments. Was not the late Richard Seddon the democrat and Socialist par excellence ? Did he not receive a royal welcome by the Fabian Society when he came to London ? If anywhere, then, our theory of active and passive citizenship should receive its quietus in New Zealand. Tell the New Zealander that he is a wage slave and he feels insulted. He will indignantly declare that nowhere in the world is the dignity of labour more respected. And he is perfectly right. But what does it amount to ? Are there any indications that the citizenship of the wage-earner in New Zealand is being transformed from passive to active ? Let us see the effects of that social legislation upon which New Zealand prides itself. Compulsory arbitration has undoubtedly strengthened the employers against their employees. Mr. William Pember Reeves, the framer of the Act, has told us that its first object was to put an end to the larger and more dangerous class of strikes and lock-outs. The second object was " to set up tribunals to regulate the conditions of labour." In other words, as effectually as possible to perpetuate the wage system by means of regulation. Mr. MacGregor tells us that in this it has been completely successful.

The law allows it and the Court awards it. Thus, in 1906, the Chief Justice of New Zealand, not of Russia, in deciding a case, said : " The right of a workman to make a contract is exceedingly limited. The right of free contract is taken away from the worker, and he has been placed in a condition of servitude or status, and the employee must conform to that condition." So much for compulsory arbitration in New Zealand. It has crystallised the wage system into what the Chief Justice calls " servitude." Now for the economic condition of New Zealand. " It must be admitted," write La Rossignol and Stewart, " that the benefits of land reform and other Liberal legislation have accrued chiefly to the owners of land and of other forms of property, and the condition of the landless and propertyless wage-earners has not been much improved." Another writer, Mr. Clark, remarks : " The general welfare of the working classes in Australasia does not differ widely from that in the United States. . . . There appears to be as much poverty in the cities of New Zealand as in the cities of the same size in the United States, and as many people of large wealth." In other words, democracy is as illusory in this young colony as it is in America or Great Britain. And, of course, for the same reason : the wage system is common to all. It is certainly a striking instance of active and passive citizenship operating in a political democracy.

We know how Labourism swept New Zealand under Seddon. We now know that Labourism, built upon the acceptance of the wage system, produces with practically no variation active and passive (or subdued) citizenship. It is the same in Australia, where a Labour Government is actually in office but not in power. Let us quote C. E. Russell :

" Hence, also, the Labour administration has been very careful not to offend the great money interests

and powerful corporations that are growing up in the country. Nothing has been done that could in the least disturb the currents of sacred business. It was recognised as not good politics to antagonise business interests. . . . It was essential that business men should feel that business was just as secure under the Labour administration as under any other."

Mr. Russell also tells us that in this happy democratic community the working classes are no less exploited than before. Mr. Dooley remarked that he didn't care how the people voted so long as he did the counting. The active citizens may as truly say that they don't much mind if passive citizenship becomes a parliamentary majority, so long as it remains passive by entanglement in the wage system.

Politics is largely a question of psychology. Economic subjugation brings in its train certain definite psychological results, which, in their turn, colour and dominate politics. Now the lesson to be learnt from Australia and New Zealand is plainly this : *That political power cannot be transmuted into economic power.* It is as impossible a transformation as to turn a sow's ear into a silk purse. If the sow's ear none the less contends that it is actually a silk purse, and " puts on airs according," it nevertheless remains a sow's ear. There is a familiar axiom in Euclid to the same effect. With the examples before us of every political democracy in the world, is it not high time that we ceased to believe in the claims of the politicians to be our economic arbiters ? Is it not abundantly clear that a community, four-fifths of which is rendered servile by the wage system, cannot possibly slough off the psychology of servility and claim to be a community of free men politically whilst remaining servile economically ? Thus we discover that the distinction between active and passive citizenship is one of substance and profound significance. Wherever the

wage system exists the same psychological phenomena appear. There is absolutely no exception to the rule.

Now the principle of activity is life; of passivity, absence of life, inertia—in the spiritual sense, death. Is it the fact, then, that the wage system produces social inertia and spiritual death? Let us remind our readers that the classical economists as well as the employers regard labour as a commodity. Thus, if John Smith engages to work for wages for William Brown, the two parties to the contract have a totally different conception of the spiritual values of the transaction. Brown buys what he regards as a commodity; but Smith sells something that to him is more than a commodity—he sells his life. But just as you cannot eat your cake and have it, so you cannot sell your life and yet retain it. Brown has Smith in his pocket because Smith's life is in Smith's labour, and the life, having gone into the labour, leaves Smith inert, lifeless, spiritually dead. Whatever the politicians may tell him, he is inevitably a passive citizen because, in the guise of a commodity, he has sold his life. Every week he sells it; every week he and his family mount the altar and are sacrificed. How different is it with Brown! He not only possesses his own soul, but has Smith's in addition. Smith's life enters into Brown's at breakfast, lunch and dinner. The price that Labour pays for enduring the wage system is its own soul; the political sequel is passive or subdued citizenship. And even though the Smiths sit on the Treasury Bench and put on the airs of the master, they cannot escape from their economic subjugation, with its correlative civic passiveness, if they remain content to sell their brethren into the servitude of the wage system.

III

It must now be obvious that passive citizenship is inconsistent with a true conception of democracy. If the economic integration of society leaves the active citizens in control of the essentials of life, it follows that the passive citizens (tied hand and foot by the wage system) must remain in servitude, and therefore democracy is nullified. The moral is too clear even to be cavilled at: economic power is different in kind and substance from political power. It is not a case of varying degrees of the same power, like the high and low voltage of electricity; economic and political power spring from altogether different sources. This is the real answer to the thousands of inquiries now anxiously made into the failure and futility of the Labour Party. That group of honest but stupid men is obsessed with the belief that the conquest of political power carries in its train the conquest of economic power. It is a tragic delusion—as tragical as a bankrupt manufacturer trying to reorganise his factory and his affairs by becoming an adept at stamp collecting. A prosperous manufacturer may, appropriately enough, collect stamps or pictures or brasses or china, but his capacity to do so is derived from his economic power, that is, his power to exploit labour by keeping labour inside the limits imposed by the wage system. We hear from time to time of some collector who becomes so absorbed in his hobby that he neglects his business and finally involves himself in ruin. When he explains to his creditors that the trouble arose from his devotion to intaglios, they do not applaud him for his noble pursuit of the beautiful or the curious, and wish him god-speed in his artistic activities. On the contrary, they send the priceless collection to the auctioneer and seize the proceeds. They also seize the

bankrupt's factory and everything else he possesses. Exit the bankrupt, who may even be forced into the ranks of the wage-earners and so changed from an active to a passive citizen. Thus is prosperity taught that, before it orders its life on lines of amenity and beauty, it must make its economic position secure. But the pity of it is that Labour will not learn this obvious lesson. Politics is the science of social life. But social life, be it beautiful or ugly, springs out of the prevailing economic conditions. If the essential factor of these economic conditions remains unchanged, social life cannot be modified to any degree inconsistent with the essential economic factor, precisely as the manufacturer cannot indulge his hobbies beyond his means. The essential economic factor is the wage system. Thus we witness the tragical spectacle of the Labour Party vainly striving to change the form of social life without transforming the essential economic factor—the wage system.

Mr. Keir Hardie is the first man in the Labour Party who ought to understand the true meaning of the wage system. He is a miner by extraction. Let us, then, tell him the story of the checkweighman. Just before the time that Mr. Keir Hardie was shaping his infant mind into the Liberal mould, his mining hero, Alexander Macdonald, had engineered a valuable reform in the mining industry. The miners were paid so much per tub or hutch sent to the surface. But they were perpetually victimised by unscrupulous coal-owners, who arbitrarily deducted from wages for tubs that were alleged to be improperly filled. The miner was completely at the mercy of the employer or his agent, and had absolutely no check upon the weight of his own coal production. Accordingly the men claimed the right to appoint one of their own colleagues to act for them at the pit's mouth and check the weights. In 1859 there was a series of strikes to effect this object, and several large collieries

conceded the boon. The South Yorkshire Miners' Union next tried to insert a clause in the Mines Regulation Bill, making the appointment of a checkweighman compulsory. After a considerable parliamentary struggle, the Act of 1860 empowered the miners to appoint their own checkweigher, the choice being confined to persons actually employed in the particular mine. It was a real victory for the working miners : not a political victory, be it noted, but an economic victory, because it might have paved the way for further democratic encroachments upon the wage system. It was a germ that, had it been allowed to develop *inside the economic sphere*, might have changed the history of the wage system throughout the world. It was a breach in the capitalist fortress. On this foundation the wage-earners might have built a considerable structure of joint control. If it was right and fair to check the output, it was equally right and fair to check the selling prices, for they also bear upon wages. It was equally equitable for the men's representative to check the transit rates, to check, in short, every item that adds to the cost of management—for that also bears upon wages. The employers were alive to these possible developments ; the men were blind to them. The employers promptly proceeded to put every obstacle in the way of the men's checkweighman, some serious, some trivial, all irritating and distracting. Thus Normansell, a checkweigher at Barnsley, was promptly dismissed, and two years' litigation followed. For twenty years the coalowners devised dodges to hamper the work of the men's representative. Sometimes he was refused close access to the weighing-machines ; sometimes the weights were fenced up so that he could not see them ; his calculations were constantly disputed, and generally his interference was resented. Finally, as we know, the Act of 1887 gave the checkweigher all necessary power. To-day he remains a mere adjunct to the system of wage-

calculation—useful, no doubt, but now of no significance.

How is it that this victory remains an isolated incident in the struggle between masters and wage-earners? How is it that the men did not proceed to widen the breach? There are two reasons: (*a*) because it had not been revealed to the men that the real enemy was the wage system, which they superstitiously believed to be not only inevitable but justifiable; (*b*) because, under the guidance of Macdonald, Burt, Fenwick, Pickard, Cowie, and others, they were already looking to politics to accomplish for them that which we now know is beyond the power and province of politics to achieve. The sequel is sad and disheartening. The checkweigher, instead of strengthening himself inside the economic organisation, became the union and political organiser in his own district. In this way, in the course of time, the well-organised miners were enabled to send a small squadron of their members to Parliament, where they are now affiliated to the devitalised or passive Labour Party. Burt and Fenwick are openly allied to the Liberal Party; the others are Liberal in all but name. Meantime, real wages have fallen, and strike after strike has ended in fiasco. Even now apparently they have not yet learnt the simple truth, that in no conceivable circumstances is it possible by political means to change passive into active citizenship. Once again we reiterate the obvious: there is only one way to achieve such a transformation: first, we must destroy the wage system; second, we must build upon its remains a Guild organisation that will combine industrial democracy with communal solidarity.

Having at length realised that the wage system is the one great barrier against human emancipation, we now understand why the work of the great liberators and revolutionists has been rendered nugatory. It is not for us to depreciate the labours and heroic struggles

of the great Europeans, who toiled and moiled for liberty. Kossuth, Mazzini, Swinburne, Taylor, the Chartists, Feargus O'Connor, Lloyd Garrison, Whittier, Lammenais, and Lacordaire, even Lassalle (who, however, visualised the revolution through politics)—these great names, and a cloud of others, not forgetting the philosophers, artists and musicians, who dreamt of human liberty and worked for it, each in his own medium, were they now to awake from their sleep would find that their great tradition is dead. They would discover to their dismay that the democracy of their hopes is submerged in the dreadful servitude of the wage system.

VIII

POLITICS AND THE WAGE SYSTEM

I

In discussing the Great Industry and the Wage System we remarked of the Labour Party that "it made a great cry but brought back no wool." The *Labour Leader* retorted upon us that "the strike yields more noise than wool," and then impenitently adjured the working classes "to aim at the peaceful conquest of political power," because it believes that method to be the only way to establish industrial democracy. It proceeds with unction to impress the wage-earner with the sorry results of recent strikes. Then, in a moment of inspiration, it goes on: "The strike will not of itself take the toilers very far on their road to liberty, *though it may powerfully stimulate the sluggish action of the House of Commons.*" Then, apparently uneasy at making such a significant admission, it adds to a series of monumental misstatements: "The railwaymen had a strike; in so far as they gained anything, it was by parliamentary intervention. The miners had a strike; in so far as they gained anything, it was by parliamentary intervention. The transport workers have a strike; if they gain anything, it will be by parliamentary intervention."

The issues are here clearly joined. Let us examine the contentons of this obviously inspired article.

(1) " The railwaymen had a strike ; in so far as they gained anything, it was by parliamentary intervention." It does not seem to have occurred to the scribe who penned this extraordinary assertion that there would have been no parliamentary intervention had there been no strike. In so far, therefore, as the men gained anything it was primarily due to the strike. At the very least, it " stimulated the sluggish action of the House of Commons." But did the railwaymen gain anything by parliamentary intervention ? It is common knowledge that the politicians, led by Mr. MacDonald, robbed the strikers of the fruits of their victory. The best evidence of that is that they are seriously considering the advisability of another strike. They know perfectly well that they will get nothing without a strike. And, further, next time they strike, they will keep Mr. MacDonald at arm's length.

(2) " The miners had a strike ; in so far as they gained anything, it was by parliamentary intervention." This is Mr. MacDonald's reply to *Punch's* cartoon, where he is represented as locked outside the miners' conference room. It is true, however, that Mr. MacDonald finally squeezed through the door. With what result ? The miners were humbugged by the Labour Party and sold by the Government. If they had kept Mr. MacDonald out of their conference room to the bitter end, they would have done far better than they did. In any event, had there been no strike, there would have been no parliamentary intervention. In so far, therefore, as the miners gained anything, they gained it primarily through the strike.

(3) " The transport workers have a strike ; if they gain anything, it will be by parliamentary intervention." Observe the use of the present tense. Let us state the case correctly : " The transport workers *had* a strike. They gained a substantial victory by rigidly excluding

the politicians. They now have a local strike. The politicians are striving very hard to impose compulsory arbitration and to tie the men down by a heavy financial forfeit. The men will be fools if they let Mr. MacDonald have anything to do with their affairs. In any event, it is admitted that parliamentary intervention cannot possibly give the men anything more than was gained by their strike when they wisely let the politicians stew in parliamentary juice."

Thus we see that the instances cited by the *Labour Leader* prove conclusively that "the conquest of political power," so far from strengthening the wage-earner economically, is only a disastrous source of weakness. But it is no part of our case to justify any of these strikes. Whether they succeeded or failed is immaterial to the argument. They were symptoms of the class struggle rather than a conscious effort to end the class struggle by smashing the wage system. The parliamentary Socialists have some grounds for their assertions that strikes are unsuccessful. *But they are unsuccessful because they have no objective.* That, however, is by no means the whole story. The *Labour Leader* makes two significant admissions: it admits that strikes stimulate the sluggish action of the House of Commons; it admits that strikes precede parliamentary intervention. In fact, it gives away the whole case for political action. Had there been no railway strike, Parliament would have done nothing; had there been no miner's strike, Parliament would have done nothing; there was a successful transport strike and Parliament did nothing. In other words, when Parliament essayed to do something, it found it could do nothing; when it consciously did nothing, then and only then did the wage-earners gain any substantial benefit. Further, it must be remembered that the railwaymen are just as much transport workers as the other transport workers. Why

did they not all strike at the same time ? The answer is simple : because the railwaymen were under political influences which benumbed their freedom of action, with the result that the non-political transport workers won their victory, whilst the political railwaymen, thanks to the Labour Party, gained practically nothing.

We shall, in due course, consider the precise function of the strike as an instrument of economic emancipation. It is first necessary to reiterate and emphasise the cardinal fact that economic power is different from and entirely independent of political power. Let us focus our conclusions so far as we have got.

In our first chapter we affirmed that " there can be no emancipation save only from the wage system."

In our second chapter we traced the origin of the I.L.P. and discovered that its policy was meliorist, and in consequence (necessarily accepting the wage system as the basis of its activities) it had completely failed to arrest the fall in real wages ; that postulating the continuance of the wage system, the I.L.P. had also to postulate the continuance of rent, interest and profits.

In our third chapter we demonstrated how the development of industry had finally killed out any opportunity for even the ambitious workman to pass out of the entanglement of the wage system, and proved that economic power must precede political power.

In our fourth chapter we proved conclusively that State ownership, involving the continuance of the wage system, strengthens rent and interest, and leaves the workman practically no better off, because he remains in bondage to the wage system.

In our fifth chapter we showed that labour could no longer carry the handicap of rent, interest and profits, and that the only way to shake off the burden was to stop the exploitation of labour by the substitution of private capitalism by National Guilds.

In our sixth chapter we demonstrated that unemployment is an integral part of the wage system, and that all schemes to abolish unemployment whilst retaining the wage system are doomed to failure.

Then followed three chapters in which we proved that all political democracies whose economy is based on the wage system, so far from emancipating labour, leave it in economic servitude. We further proved that mere political citizenship signified nothing, because the possessing classes evolved an "active" type of citizenship and the wage-earning class evolved a "passive" type; that, in short, the maintenance of the wage system defeated the theoretical claims of the classical democrats, producing material and psychological results peculiar to a servile state.

The central argument is plainly this: that economic methods are essential to the achievement of economic emancipation; that political methods are useless, because all political action follows and does not precede economic action; that economic power is the substance and political power its shadow or reflection. Labour, therefore, in seeking first the conquest of political power, is grasping at the shadow and leaving the substance untouched.

II

It is at least curious that those who intellectually remain entangled in the wage system also remain entangled in the political system. If you cannot see through the real meaning and intent of the wage system, you cannot see through the essential bankruptcy of politics as understood to-day. This is only another way of saying that politics are used by the meliorist to ameliorate the harsher conditions of wagedom—to ameliorate, never to abolish. As we have already proved that economic power precedes

political power, it follows that the pursuit of politics cannot fundamentally transform the economic conditions. The title-deeds remain with the possessing classes. But the real struggle is to obtain them. The most that politics can do is to modify the conditions that surround the title-deeds. Thus the Fabian programme, inspired by Mr. Sidney Webb, never hints at effective expropriation; it would humanise factory conditions, lay stress upon public health, mitigate destitution, reduce the hours of labour, impose a minimum wage—anything and everything save the imperative thing which is possession and control of the means of national and individual life. But we have further discovered that all these measures, each in its own way, actually strengthens the grip of the possessing classes and yet more securely validates their claims to the title-deeds. Parliament, by means of factory Acts and regulations, humanises the conditions of factory life. The result is that labour grows more efficient, and consequently more efficiently produces surplus value and more of it for the holders of the parchments. The same effect is produced by improving the public health. It is good economy, operating in the interests of those legally and socially permitted to exploit labour. It is much more remunerative, and infinitely more pleasant, to exploit good human material than incompetent human material. The mitigation of destitution is also good economy for those who can benefit by it. A minimum wage, as we have shown time and time again, has precisely the same effect; it justifies the exploiter in rejecting damaged human material and exploiting only the best available labour. To this indictment of social reform there is absolutely no answer. Nor can the politicians explain away not merely the relative but the actual decline in wages, notwithstanding a generation of social reform. The Insurance Act will obey the same law. It is a very good thing for the

employers. Who then can doubt that it is worse than foolish, it is criminal, to look to the political machine to abolish the wage system? Foolish, because it is a blunder; criminal, because it is one of those blunders that are crimes.

A striking instance of the truth of these contentions is found in the engaging personality of Mr. George Lansbury, M.P. Here is a little sketch of him which we read in the press:

"For a time Mr. Lansbury was hon. secretary of the Liberal Association for Bow and Bromley, and he has told that what first impressed him with 'the necessity for something more than orthodox politics' was this: 'When canvassing in one of the very poor districts of Bow a woman came to the door dressed only in a sack. A hole had been cut at the top, and two slits at the side served for the arms. She asked me, with an oath, what was the good of a vote for her and her unemployed husband when every scrap of their clothing had been pawned; there was not a piece of furniture in the place, and nothing but starvation stared them in the face? With all the scorn she could command she bid me clear out. That incident pulled me up at a halt, and from that day to this I have tried to study the condition of the people and to find out how politics could help the workers to win social justice.' It was this little incident, Mr. Lansbury said, that really drove him out of the Liberal ranks into Socialism."

Impersonally considered, this little story is a synopsis of opportunist Socialism during the past thirty years. We ask Mr. Lansbury to tell us in what way has his devotion to politics emancipated this unhappy woman? Mr. Lansbury realised that "something more than orthodox politics" was needed to meet such a desperate case. What is that "something more"? Has he achieved it? Can he achieve it in the political sphere, if it be "something more than orthodox politics"? We can rely absolutely upon Mr. Lansbury's honesty

of purpose, and accordingly we invite him to tell us what he conceives that "something more" to be. The information he could give on this point would be a most valuable contribution to our present inquiry. And, at the same time, would Mr. Lansbury tell us how it would be possible to emancipate the woman in the sack without disturbing the existing wage system? The woman in the sack, like Markham's "man with the hoe," is a portent, a symptom, and a symbol. What has she to do with politics or politics with her? Is her condition, *au fond*, political or economic?

That the Labour Party is safely "orthodox" is proved beyond cavil in a book recently issued by Mr. J. M. Robertson, M.P., entitled *The Meaning of Liberalism*. This official Liberal tells us that "the Labour Party has exercised a useful forward pressure on the Liberal Party, *and in so doing has been an invaluable ally of the Radical section. The practical ideal is that this pressure should usefully continue.*" We must have said something like this at least a thousand times, but we were supposed to be prejudiced against the Labour Party, and were not, therefore, believed. Mr. Robertson knows. Will Mr. Lansbury explain?

Now let us consider the situation in which the Labour Party necessarily finds itself as "an ally of the Radical section." It can be found in Mr. Robertson's book.

We come to the bones of the business, however, when Mr. Robertson assures us that "production for profit will assuredly continue for centuries, profit being not merely the condition of the furnishing of liquid capital, but the test of industrial efficiency. Fluid capital is about as far from the stage of collective management as the tides. Society will in the near future deal with capital as it deals with marriage and the family—not communalise it, but prescribe for it legal conditions. And the capitalist class will share in the framing of the

conditions." What does this mean in plain terms? That the wage system will continue for centuries; that rent, interest and profits must indefinitely continue; that fluid capital cannot be communalised.

To a party holding such views, the Labour Party, including Mr. Lansbury, are allied. Please observe how admirably the coalition works out. The Radicals, as we have seen, do not believe in any fundamental economic change; they are content to "prescribe the legal conditions." With them, politics has nothing to do with the economic structure of society. If, therefore, they can keep the Labour Party in line with their schemes of social reform, all goes well. But to the Labour Party, which declines to tamper with the wage system and seeks only what politics can give it, this alliance is equally acceptable. Thus it comes about that those high-souled and immaculate Scotsmen, J. M. Robertson, M.P., and J. R. MacDonald, M.P., can with a clear conscience pursue their petty political careers, what time wages are falling and Mr. Lansbury is sadly pondering "the something more" and the true meaning of "unorthodox."

III

We left Mr. Lansbury, M.P., vainly seeking the economic pea under the political thimble, and troubled in spirit because he realised that "something more than orthodox politics" was required. If "something more" is needed it seems to follow that politics does not suffice. We commend to Mr. Lansbury the words of Browning: "Oh! the little less and what worlds away!" Now Mr. Lansbury represents a train of sentiment—sentiment, not thought—that feels deeply, and even bitterly, the tragic industrial situation, and is willing to fight and struggle for economic emancipation. It is a sentiment that

has been nurtured in politics and finds it exceedingly difficult to conceive any alignment of the democratic and industrial forces on any other plane. Mr. Lansbury accordingly finds himself beating the air as a unit of the Labour Party, but unhappy and distracted that nothing is done. Probably he still has hopes that through the instrumentality of politics something even yet may be accomplished. The delusion will, of course, persist until Mr. Lansbury and his congeners realise the plain fact that economic power must precede political power; that to strive for economic power through politics is as foolish as looking for figs on thistles. We have proved that industrially politics are inevitably and perennially sterile. Their function is not industrial; their origin is not industrial; when they enter the industrial world they become amateurish and ridiculous. Why cannot Mr. Lansbury see and realise these simple and fundamental facts? In recounting the story of the woman dressed in a sack, Mr. Lansbury told us that the lesson he learnt was the inefficacy of "orthodox politics" as a remedy for such a horrible state of affairs. A quarter of a century has sped its course, during which time thousands of Socialists have sacrificed time, money, and the amenities of life to "unorthodox" politics, in the hope and expectation that such an episode should never recur. Vain hope! A few days after we had penned our criticism, the *Daily Chronicle* appeared with a column crossheaded thus:

'STARVING IN THE EAST END

"BABY WRAPPED IN PAPER FOR LACK OF CLOTHES
"MAN DRESSED IN A SACK"

It will, of course, be said that all this is abnormal because of the strike. It is not abnormal; it is merely more dramatically visible. Just as nations—Germany and

Great Britain, for example—are really carrying on a warfare by means of excessive military and naval expenditure, even though not a shot be fired, so in like manner is the industrial war ever with us, strikes or no strikes. Its victims suffer in obscurity, die and disappear, an appalling death-roll every year. "The Woman in the Sack" a quarter of a century ago is own sister to "The Man in the Sack" of last week. What is the family bond uniting them? The wage system. Both are the victims of an industrial organisation that is spiritually and economically based upon the wage system. The "woman in the sack," living and dying in the obscurity of a slum, was a piece of human wastage thrown upon the wage system's scrap-heap; the "man in the sack" is sacrificed in precisely the same way by those who control the wage system.

It is the grim reality of industrial facts such as these that makes us so impatient of the Labour Party. We are continually being asked why we criticise it with such sustained hostility. "Surely," says the Lansbury type, "something can be made of it, some good can come out of it?" Let us, as briefly as possible, define our attitude towards the Labour Party.

First, then, let it be noted that even its most fervent apologists admit that it has failed to come up to their expectations; it has not "made good." We have explained that it could never hope to do so because it relied upon politics to do what politics are inherently incapable of doing. Fundamentally, therefore, we cannot find any contact with it. Nor is this a purely theoretical objection. Those who have been associated with the Socialist movement for fifteen or twenty years will vividly remember what high hopes were based upon the political adventure. At long last something effective was to be accomplished for the emancipation of the wage-earner. A feeling of revolution, of far-reaching and beneficent change, inspired thousands of men and women. They "saw distant gates

of Eden gleam, and did not deem it was a dream." An army of tortured wage-slaves put their faith in the Keir-Hardie-MacDonald combination; they freely sacrificed time, effort, and money to achieve the great end. They are now fast realising that they have been dosed with quack remedies by quack doctors, and the awakening is very bitter. So bitter, indeed, that even now the vast majority of the political labourists, although conscious that their disease is worse than ever, still cling to their old medicine men and turn fiercely upon their critics. There is a curious psychological relation that springs up between doctor and patient. The more the doctor botches the case, the more does the patient believe in him. There are thousands of doctors who play upon this faith by giving their patients bottles of innocuous medicine. If a doctor said to his patient: "You do not want medicine; you require a regular shaking up of your habits of life, your diet, your sanitation, your hours of work, your exercise; you are in a thoroughly unhealthy condition," the patient would probably plaintively say: "But, doctor, aren't you going to give me any medicine?" There are honest doctors who stand firm and decline. Their practice suffers in consequence. It is unfortunately true, however, that the vast bulk of the profession honestly believe in drugs, to the inevitable deterioration of the health of the community. The medicine men of the Labour Party are in this position. They do not face the evils obviously arising out of the wage system, or tell their patients that these diseases must continue so long as the wage system continues. They drug the symptoms and leave the cause severely alone. They prescribe political pills for economic earthquakes; they put political salve on the economic cancer. When we remember all the human effort, emotion, faith, and sacrifice that have gone to the upbuilding of the Labour Party, is not the result a mockery, a scandal, a tragedy?

Just as the medical fraternity permits no criticism from the lay population, so this political fraternity of medicine-men resents any kind of outside criticism. They listen and sometimes act upon the advice of some friend who is " sound on the goose " ; criticism from any other source is rank impertinence and not to be tolerated. The morale of the Labour Party in this respect is deplorable. It has steadily shed its serious and thoughtful supporters, with the result that it does not possess a single man of any intellectual distinction. To be in the company of Labour members is to be in the company of American political bosses. Their attitude towards life, their political vocabulary, their methods, are significantly similar. Now no great association of men, political, religious or social, can be effectually held together without some spiritual or intellectual basis. Merely to exist upon the day's opportunities is to court ultimate destruction. To take the long view requires both moral courage and mental strength. In this respect the Labour Party fails. It shrinks from the discussion of essentials, largely because it has no essential principles. Compare, for example, its treatment of that new element in the Labour movement which we vaguely term Syndicalism with the approach made to it by Jaurès. The French Socialist leader knows the dynamic power of ideas ; the Labour Party shuns new ideas like the plague. Spiritual and intellectual conflict is the food upon which great souls thrive. We fear it is too strong nourishment for the Labour Party. We would certainly relax our critical attitude towards it if only it would betray some kind of intellectual appreciation of ideas and principles. We do not ask it to agree with us ; we only ask that it should explain intelligently the faith that is in it. But every moral and intellectual test that we apply to the Labour Party proves it to be amorphous, and utterly unresponsive to serious criticism or suggestion.

IX

THE ECONOMICS OF THE WAGE SYSTEM

I

We have now travelled rapidly round the wage system and examined its effects from all sides. We see that the great obstacle standing in the way of economic emancipation—the economic must precede the social—is the wage system. Yet the idea of wages has so penetrated the minds of people that we still find it difficult to convince them that any social and industrial system is possible without wages in some form or another. So was it in the Southern States of America before the war. "Slavery must exist in some form or another; there are the slaves, what else can you do with them?" Yet the status of slavery was abolished. To-day, men of good will are saying in varying accents very much the same thing: "the wage system must exist in some form or another; there are the workmen, what else can you do with them?" Even such practised writers on social economics as Beatrice and Sidney Webb seem incapable of grasping any economic change that would abrogate the wage system. Thus, in their recent articles in the *Daily Herald* on Syndicalism, they go to considerable pains to prove—unsuccessfully—that Syndicalism would merely exchange the wage system for something so like it as to be practically indistinguishable from it. They conjure up a massive and tyrannical

Syndicalist bureaucracy whose authority would transcend anything ever suggested by Fabian Socialists. We are not Syndicalists, but National Guildsmen, and in a certain sense our withers are unwrung. Nevertheless, recognising as we do that half of our social theory is Syndicalist, we cannot afford to let this criticism pass unchallenged.

The cardinal fact in the discussion is simply this: Mr. and Mrs. Webb and the cult they inspire decline to accept the common meaning of the term "wages." Anything the worker brings home, be it money or token conveying so much power to consume, is to them wages. It does not matter to them that the conditions which enable a working miner to bring home "thirty or fifty or seventy shillings" have anything to do with the question. It is, they think, simply hair-splitting to call them anything else but wages. Twenty years ago, there was no Socialist leader who more strongly insisted upon clearly defined terms than Mr. Sidney Webb. He recognises that the problem of wages is immensely important; he has been writing upon wage conditions for almost a generation: does it not occur to him that a clear definition of wages is a condition precedent to any serious discussion of the subject? If, during the slavery debates, some pretentious thinker had argued that slaves were, after all, wage-earners, their wage being their housing and their rations, the Sidney Webb of that period would have been the first to castigate the man for not mastering the plain meaning of clearly understood terms.

The term wages ought to be the most accurately defined and most clearly understood word in the language. Our means of livelihood constitute the foundation not only of our economic and social existence, but also of our spiritual conception of man's dignity and destiny. The psychological effects of the wage system are the true

measure of its degrading influence upon our national life ; yet, monstrous though it be, there do not appear to be half a dozen thinkers in the land who take the trouble accurately to understand the real meaning of wages, to say nothing of its thousand implications.

At the risk, then, of wearying our readers, we must try to define the real meaning of wages. We have already done so at various stages in this book ; we will now focus what has already been written.

Wages is the price paid for labour power considered as a commodity.

The price is based upon the cost of subsistence necessary to the maintenance of that labour power and its reproduction.

The price is further varied by the quality, scarcity, or organisation of the labour power. Thus a higher price may be paid (but not necessarily) for skilled labour, or for special labour that is scarce, or for labour that strengthens its economic power by means of trade union organisation. Low wages may be, and are, paid to unorganised skilled labour ; higher wages may be, and are, paid to unskilled, but organised, labour. So closely is organisation related to the price paid over the subsistence level, that, broadly speaking, skilled labour almost connotes organised labour.

The price paid for labour power may be crudely based upon a recognised weekly sum that will barely ensure subsistence ; it may be paid for specially applied tasks in a form known as piece-work. But piece-work prices are based upon subsistence plus the amount exacted by organisation.

The fundamental fact, common to every kind of wage, is the absolute sale of the labour commodity, which thereby passes from the seller to the buyer and becomes the buyer's exclusive property. This absolute sale conveys to the buyer absolute possession and control of the products of the pur-

chased labour commodity and estops the seller of the labour commodity from any claim upon the surplus value created or any claim upon the conduct of the industry. The wage-earner's one function is to supply labour power at the market price. That once accomplished, he is economically of no further consideration.

It therefore follows that effective co-management (whether with the State or the employer) and the maintenance of the wage system are mutually exclusive. It also follows that the army of wealth-producers can never change their status inside the wage system.

Yet even serious thinkers persist in regarding such a tremendous economic and social fact as of no importance. They think it does not much matter so long as the worker brings home " his thirty or fifty or seventy shillings each week." The slave status did not matter so long as the slave was reasonably sleek.

Now let us look more closely into our definition. We have already disavowed the theory that labour power must be regarded purely as an economic commodity. We have asserted that labour means a vast deal more than a mere commodity ; that its human implications cannot be disentangled from its economic definition. That being the case, it logically follows that the usual economic conception of labour cannot be accepted if it clash with the human elements inherent in the labour. Since we first wrote upon this point, we have been fortified in our contention by Mr. Binney Dibblee, by no means an advanced writer, indeed distinctly orthodox in economic tradition, whose book, *The Laws of Supply and Demand*, is a contribution to modern economics. Mr. Dibblee boldly faces the question whether labour (he calls it human exertion) is a commodity.

" The chief reason for its segregation in terminology from all other things freely bought and sold is probably from a sense of human dignity, denying a similarity

in essence of what costs us most in sacrifice with mere material objects. But the distinction can be justified by a deeper fundamental difference than any indicated by sentiment. . . . There is no commodity of anything like equivalent value which is more often freely given away. . . . There is no commodity which resembles it in being sold habitually and by large classes of people for sums considerably below what would be its value if the market were properly exploited."

Mr. Dibblee then cites certain instances proving these points, and proceeds :

" But there is another characteristic of labour which makes it different from ordinary commodities, and that is that, while without capital it has no means of holding back supply, capital is, as a rule, only in the hands of the buyer of labour, and thus it tends more rapidly than with the supply in general to run into a condition of glut. This fact is the cardinal feature of labour, as distinguishing it from other things which are bought and sold. . . ."

In other words, there are animate qualities in labour which render foolish any economic theory which classes it with inanimate commodities.

As we shall show later, Mr. Dibblee does not approach this problem from our point of view. He would probably be shocked at the suggestion, but it is evident that he has accomplished a peculiarly valuable work in demonstrating that in essence human exertion and commodities are fundamentally different. Does that, however, transform our conception of wages ? Yes and no. Yes ; in that it divides the ethical view of labour from the current economic view. But ethics and economics are the obverse and reverse of the same coin. If so, the prevailing conception of wages is false. Whatever is ethically right is economically desirable. It is economically desirable to transform the wage system. No ; in

that the wage system will continue on the same basis until organised labour, operating in the economic sphere (whether ethically inspired or economically motived is immaterial), wills to end the wage system by undertaking itself to perform, not only the function of supplying labour power, but, by a proper adaptation of its qualities, also the functions now allotted to rent, interest and profits. But we have seen that labour can fulfil these functions only by abrogating the wage system. So long as it accepts wages, it accepts the implications of wages, the most important of these being that, in selling its labour power, it also sells its birthright in the industrial fabric, reared by itself, but sold by itself for a mess of wage pottage.

II

We ask our readers to keep steadily in view the cardinal fact that the payment and acceptance of wages mean no more and no less than the transfer of created wealth from the producer to the *entrepreneur*. That must be clearly grasped by the wage-earners before we can make actual progress towards the industrial democracy. Mr. and Mrs. Webb do not apparently attach any importance to this distinguishing characteristic of the wage system. Let us see how it works out in practice. We quote from a letter that appeared recently in the *Star*:

"I would invite Mr. Arthur Chamberlain to have a walk round the Albert and Victoria Docks and see for himself the many hundreds of capable labourers at work and things apparently humming. I am not going to suggest that these men are as well qualified as the men who are on strike, but one can see a daily improvement in their methods, and soon they'll know all that is required. I do not wish to enter into the reasons why the late dockers left their work without notice, but maintain—

what I think must be generally admitted—that every Britisher has a perfect right to take up any job that's offering; and what we are witnessing at present is a turnover of labour. What some are forfeiting others are gaining. None of us likes monopolies."

Here we have a perfect example, not only of the truth that the acceptance of wages involves the forfeiture of any claims upon wealth production, but also of the bastard social philosophy that springs out of it.

The army of dock workers recently on strike—they and their predecessors—were the means whereby the Port of London grew to its present huge dimensions. These men built up the fabric of the Port; but they have not a scrap of claim upon the finished work of their hands; the Port and all its gear belongs to somebody else. Why? Because the dockers accepted wages for their labour power, and, they having done so, the employers claimed all the surplus. There were dockers on strike who had put twenty and thirty years' hard labour into the upbuilding of the Port, and in thousands of cases their fathers and grandfathers before them. Yet they were on the streets and their families starving by the ukase of a successful tea merchant and ex-Liberal Minister, who has not given as many months to the work as these men have years. How is it? Surely it is too ridiculous to be true! Not at all. Lord Devonport, the leader of the dock capitalists, simply said to the men: "When we paid you wages, we bought your labour power and all that flows out of it. If you can withhold labour power, then I must accept your terms, but at present I can buy labour power that you cannot control." The men, by means of wages, have sold out. They may not even enter the dock-gates through which they have passed to create the wealth now administered by Lord Devonport and his money barons. Possession has passed; the men possess nothing. They do not even possess their own jobs. They

not only forfeit the surplus value they create, but it must be created under the control and surveillance of the employers. This control of the conditions of labour is necessary to the employers, because it secures the power of dismissal. But dismissal is not resorted to unless there is an adequate margin of unemployed. These unemployed must be given some moral justification for supplanting the dispossessed workman. The man in the Liberal *Star* has it pat: "Every Britisher has a perfect right to take up any job that's offering, and what we are witnessing at present is a turnover of labour." Turnover!

Now let us sum it up as far as we have got:

(i) When a man sells his labour power for wages, he forfeits all claim upon the product.

(ii) He also admits, by his acceptance of wages, the right of the employer to dictate the conditions of his employment and to terminate such employment.

(iii) By his acceptance of wages he further admits that his potential labour power may be stolen from him and given to another.

If we consider these wage conditions dispassionately, in what way can we distinguish them from chattel slavery? The slave had no right to his own body—the source of his labour power; the wage-earner has no right to his own labour or its products.

Our definition of wages cannot be seriously disputed. Granted the accuracy of our definition, can these conclusions be seriously disputed?

The struggle of the future will be the struggle of the industrial workers to regain possession of what they have lost and to retain possession of what they produce. The bulwark which protects surplus value from the wage-earner, which secures it to the *entrepreneur*, is the wage system. That is why it must be abolished.

Now let us suppose that the work of the London docks were done, not by more or less casual wage slaves,

but by a properly organised and regimented labour army, penetrated by a military spirit attuned to industry. Do soldiers receive wages? No; they receive pay. "But!" cries the practical man (and possibly even Mr. Sidney Webb), "what earthly difference is there between 'wages' and 'pay'?" Let us see. The soldier receives pay whether he is busy or idle, whether in peace or war. No employer pays him. A sum of money is voted annually by Parliament to maintain the Army, and the amount is paid in such gradations as may be agreed upon. Every soldier, officer or private, becomes a living integral part of that Army. He is protected by military law and regulations. He cannot be casualised, nor can his work, such as it is, be capitalised. The spirit that pervades the Army is, in consequence, different from the spirit that dominates wage slavery. In other words, "pay" and the discipline of effective organisation produce entirely different psychological results from those created by "wages" and ineffective organisation. Whether the military psychology is in every respect desirable is beside the point; the material fact is that "pay" is a totally different thing from "wages," producing its own psychology and atmosphere, and performing its work in its own way.

Let us further suppose that the army engaged on dock work were temporarily out of action, owing to a difference of opinion on high policy between the administrative and industrial leaders. Would the men cease to receive their pay? It would, of course, go on as usual. Oddly enough, in a vague way, the trade unionists appreciate this difference, for whilst they strike for increased "wages," or against decreased "wages," they go on strike "pay." It is curious and interesting to observe how philology often comes to the aid of economics.

But whilst accepting the true meaning of "pay" as distinct from "wages," let us vary our supposition and

assume a guild rather than a military army. Is it difficult to visualise a transport guild rising up out of the ashes of the dead wage system and putting all its members upon graduated " pay " ?

Another interesting and suggestive aspect of the pay system is that it unifies every member of the organisation. Do officers ever dream of wages ? Do they say they are going on " half-salary " ? No ; they go on " half-pay " —the general, the colonel, the major, the captain and the lieutenant. It is obvious, is it not, that these verbal distinctions disclose substantial material differences ? Again, a soldier's labour is not rated as a commodity. A soldier is expected to give something very different. His obedience is not exacted to produce profits ; it is exacted to the great end that his unit shall fit efficiently into the whole Army organisation. He is expected to be brave ; but nobody dreams of exploiting or capitalising his bravery. All the soldierly qualities are inculcated in a spirit and with a purpose " alien of end and of aim " to the spirit and purpose of commerce. But we have no wish either to idealise the Army or to push our analogy too far. We quote the pay system that obtains in the Army to prove that a human organisation, efficiently regimented and humanely motived, could dispense with the degrading wage system, and, having eliminated that dehumanising element, could do its work in a scientific and civilised manner.

This divagation into the psychology of military organisation has, we fear, carried us rather wide of our subject, which is the economics of the wage system. There are still many economic aspects to be considered. We must consider the effect of the wage system upon the exploited wage-earner and also upon the exploiter. Let us return to Mr. Binney Dibblee. We quoted him to prove that labour power is something more than a mere commodity. We have further noted that wages, whilst

primarily based upon subsistence, are favourably affected by organisation. We have seen that unskilled labour is generally unorganised labour; that skilled labour is almost synonymous with organised labour. The effect of the wage system has been to put the wage-earner in some sort of organised defence against the lowering of wages to bare subsistence. The germ of the overthrow of the wage system is to be found in this organisation. In other words, the trade union, when it has developed into a well-organised guild, will be in a position to supplant the wage system. Mr. Dibblee reminds us of a function performed by the trade unions which we are liable to overlook:

"They are usually considered to be associations founded to control the supply of labour and therewith to bargain for its price with the employer, and, as they have energetically performed this duty for their members, it is undeniably true that their work in this respect is of the very highest importance. But this is not logically, even if it was historically, their primary cause of origin. If these associations had been tumultuous combinations arising out of strikes, or, as Adam Smith implies that they are, 'conspiracies against the public' or 'a contrivance to raise prices,' they could never have had the principles of cohesion and permanence which have raised them to the mighty power they now prove to be. *Philosophically speaking, their final and necessary cause was the maintenance of the reserves of labour, which are required by the system of modern production.*"

Thus we see that wages, whilst paid only for the time worked, must suffice for the time unemployed. What does this mean? Just this: that only the bare cost of the labour commodity actually delivered enters into the cost of the finished product; that from the increased wage exacted by organisation, over bare subsistence, has to be deducted the cost of maintaining the reserve of labour necessary to modern production. Or,

in other words, for a century or more the trade unions have been performing a function rightly belonging to capital. Mr. Dibblee recognises this. Dealing with this very point and the economic doctrine that came to justify it, he says :

"What shall we say of the pretentious body of doctrine, calling itself scientific, which rose up at that time to stamp the hall-mark on intellectual superiority of greed and crown ruthlessness with a halo? Of all the crimes committed in the name of knowledge this was, perhaps, the worst. It has done more harm over a century than all the wars of the period. Intellectually, it was more impious than the condemnation of Abelard, the muzzling of Galileo, or the hounding of Semmelweiss to madness. It is no wonder that men who kept their senses called political economy the cruel science; but how is it that people were so slow to see that its theories were stupid?"

The answer is really rather simple. The wage system necessitated throwing the burden of the cost of unemployment upon either the trade unions or the Poor Law authorities. Will Mr. Dibblee inform us how it can be done inside the wage system?

But the point to be emphasised is that, when, in the fulness of time, the guilds come to a reckoning with capital, they can set the colossal cost of maintaining their unemployed for a century against any *ad misericordiam* appeal for mercy on behalf of rent and interest. This century-old burden in itself constitutes a clear charge upon the existing economic fabric. It is a charge that rent, interest and profits must sooner or later pay in meal or malt.

III

The burden borne by Labour in general and the Trade Unions in particular of maintaining life during

unemployment, a function properly belonging to capital, constitutes, as we have said, a charge upon the industrial fabric which must be repaid. But it is almost universally contended that wages are a first charge upon production, ranking in priority before rent, interest or profits. This idea is as prevalent in Socialist as in conventional economics. It is, in some sort, the capitalist's justification for the existing wage-system. He says: "I find the money AND take all the risks; but before I can pay a penny for rent or interest or take a penny in profits, I must first pay my workmen their wages. They have a first charge upon the concern." The seeming fairness of this contention has often proved too much for enthusiastic Socialists. Some of them actually embrace it as a propitious and happy fact. But the only semblance of truth in it is that in point of time wages are paid before rent, interest or profits. But this is not what is meant by the term "first charge." To possess a first charge upon a property primarily implies security. Whoever else goes without, the possessor of the "first charge" is secure. If his dividend is in default, then he may seize the property and squeeze out every other interest. A first charge is, in financial jargon, a "security." Because Labour is a first necessity in the process of production it by no means follows that this constitutes a "first charge upon production." Labour possesses no kind of charge upon industrial production because its claim is automatically discharged by the payment of wages. Wages, all economists agree, are the price paid for the labour commodity. If, therefore, wages are a first charge upon production, labour must possess a first charge upon production, wages and labour being equivalent terms, under the express meaning and conditions of the wage system. But what security does labour possess? Absolutely none. The security of possession has finally passed with the payment of wages.

Thus, should it suit the convenience of capital to suspend, temporarily or permanently, the process of production, labour has no kind of charge upon the unfinished product, which belongs absolutely to capital. One commodity cannot in the nature of things possess a first charge upon another commodity into which it has entered. And labour, according to the existing code, is nothing but a commodity.

If wages, that is, the labour equivalent, possess a first charge upon production, so also does the weather (which governs production in the building or the farming industries), or atmosphere (which affects production in the cotton trade), or proximity to population (which affects rent), or any other natural conditions under which production proceeds. Words or phrases habitually loosely used soon cease to have any meaning. Bearing always in mind that labour is a commodity, it becomes meaningless to talk about wages being a first charge upon production. In the same sense it might be said that the price of coal is a first charge upon production, or shoe-leather a first charge upon locomotion. The essence of security, which is the true meaning of a first charge, is power to control production in all its processes and distribution in all its phases. Labour has literally no power to control either production or distribution, because this power passes from it when it exchanges itself for wages. Before a cotton manufacturer can produce cotton goods he must first procure cotton. But who ever dreams of saying that cotton is a first charge upon the cotton trade? In the literal meaning of the words, no doubt the price of cotton is a "first charge"; but in the accepted sense of the term, its use in that connection is meaningless, foolish and dangerous. And the final and overwhelming proof that wages are not a first charge upon production or anything else, is that whilst unemployment—*i.e.*, a reserve of employ-

ment—is necessary to the present system of production, it has absolutely no kind of claim, no "first charge," upon production for its maintenance. Yet we have seen that the maintenance of unemployment is second only in importance to the maintenance of employment.

The wage system is a denial to the owner of labour of any charge, first, second or third, upon production. If, however, we transform the conventional conception of the economic function of labour by crediting it with its proper human attributes and rejecting the pure commodity thesis *sans phrase*, then we remove labour from the wages or inanimate category to the living or active category of rent, interest and profits. This intellectual process accomplished, we have revolutionised political economy; labour is at last in a position to contend with rent, interest and profits for the "first charge" upon production. Whether it can, in fact, secure that first charge depends upon its power of economic organisation—upon its will and power to constitute productive and distributive guilds. And upon the power and capacity of labour (the human energy, not the commodity) thus to organise itself upon a sound economic basis depends the final test of democracy as a living principle. If labour, as we believe, can effectively organise itself, producing and exchanging commodities more efficiently than is done under the wage system, then we shall speedily discover that whilst wages under the present system have no charge upon production, labour, organised into guilds, would have a first, second and third charge not only upon production, but upon the industrial structure as a whole.

The problem of economic organisation is almost as important as the problem of economic resources. A community rich in natural wealth, but defective in organisation, may find its economic position inferior to a community, poor in natural resources, but effectively

organised for economic purposes. This becomes more and more a truism with the growth and efficiency of transportation facilities. Thus Lancashire, which does not grow an ounce of cotton, is the cotton centre of the world. Organisation is the clue to what will prove a mystery to the historian a thousand years hence. Now the wage system is uneconomic, not only or even primarily because it is based upon a false conception of the nature of labour, but because it is the fruitful parent of faulty and uneconomic organisation. The concentration of surplus value in the possession of a small class inevitably circumscribes the human area from which organising capacity may be drawn.

We have seen that the wage system consigns labour to outer darkness, having created wealth in the possession of capital and under the control of the profiteers. How stupendous is the result it is difficult to demonstrate. Take this fact: 39,000,000 out of our population of 45,000,000 receive only one-half of the entire income of the nation. This means that about eight-ninths of our population, living upon wages, are excluded from any controlling interest in the organisation of society. Society so organised is obviously the negation of democracy. The defects and failures, therefore, inherent in the existing structure of society, cannot be ascribed to democracy. It is true that our political system bears some resemblance to democracy, but our national economy is plutocratic throughout, and, in consequence, renders impotent our political democracy, which is only apparent and not real.

Now, it is natural that capital should seek to retain control of industry in its own interest. It is better, from capital's point of view, to retain control with inefficient administration than to lose control to efficient management. For example, in the will of the late Sir Edward Sassoon, his young son is admonished to attend

to the interests of David Sassoon and Co., Ltd., "so that its reputation and standing so laboriously built up by his ancestors for close on a century may not be tarnished or impaired by the possible neglect or mismanagement of outsiders." What sanction is there for assuming that the stripling who has now entered into possession can better protect the interests of the business than its present administrators? Observe, too, that the non-proprietorial managers are "outsiders." The succession to the control of large undertakings by youngsters by inheritance is probably the most prolific source of failure to organise efficiently. This has long been recognised, and the cure sought in joint stock administration, where competent management can often be bought by large salaries and profit percentages. But this system barely widens the area from which to draw efficient administration, because the non-proprietorial administrator is drawn from very much the same social class as the proprietors; he is educated and trained in much the same *milieu* as his employers, whose status he seeks to achieve. In this way even a clever administrator does not make administration his dominant motive; to him it is only a means to the end that he, too, may become a member of the possessing class, and not only its servant. But granting the existence of an administrative class, its management is strictly defined by the first condition that dividends must be earned. Dividends, however, cannot be earned save by the maintenance of the wage system, because the wage system is the only method whereby surplus value can be secured. Thus we discover that the wage system is the basis, not of one integrated community, but of two communities whose interests are divergent and antagonistic. The one community is the army of wage slaves, as much detached from the products of their labour as is the farm labourer from the land. The

other community is composed of five or six million people, with their brood of children, servants and parasitic dependents. Now let us see the positive waste involved in this organisation apart altogether from the negative waste involved in the extrusion from commerce of untold potential administrative capacity in the mass of the working population. We will again quote Mr. Binney Dibblee:

"The town of Oldham, with 100,000 inhabitants, has spindle capacity enough to supply more than the regular needs of the whole of Europe in the common counts of yarn. To manipulate such an output and market it, as well as the other output of Lancashire, the merchants and warehousemen of Manchester and Liverpool, not to mention the marketing organisation contained in other Lancashire towns, have a greater capital employed than that required in all the manufacturing industries of the cotton trade. It is roughly true to say that nowadays it costs more to sell most articles than to make them, even in the case of the most highly organised and most eminently specialised industry in the world."

Now is there any reason under the sun why it should cost more to sell an article than to make it? None whatever; but from time immemorial, either with chattel or wage slavery, it has been found more profitable to sell at a profit than merely to manufacture. They knew it in Tyre and Carthage, in Florence, Genoa and Venice. They know it in Manchester; they know it in Liverpool, where they levy toll upon imported cotton that would make the mouth of the Chancellor of the Exchequer water. But consider London, with its population of 7,000,000. Says Mr. Dibblee: "Of industry in the modern sense, which uses 'power' for production, she is almost ignorant. The proof of this odd fact I discovered in the report of the Commission on London Traffic, still only a few years old. There were then 638 factories in

London registered as coming under the Factory Act, with an average horse-power of 54. The total power employed within the London area under the Factory Act, chiefly used in newspaper printing, was 34,750 h.p. Just twice as much power as that is required to drive the *Mauretania* through the water." Yet the wealth of London is greatly in excess of the twenty largest industrial towns of Great Britain. This purely financial aggrandisement, divorced from actual production, is equally observable in New York and Chicago.

So it comes to this : The existing social system, based upon wage slavery and controlled by profiteers, cannot at this time of day sell an article at less expense than it costs to make. Our methods of exchange have grown grotesque ; their wastefulness is a national sin ; their burden has become intolerable.

IV

We have repeatedly emphasised the fact that the community is charged two rents, two sets of interest, and two sets of profits—a fact the significance of which is not appreciated unless we approach the economic problem through the gateway of the wage system. The wage-earner, although a serf because he has sold his interest in production by his acceptance of wages, is, nevertheless, the real producer of wealth. As a producer, he pays the manufacturer's rent, interest and profits. But as a consumer he again pays the distributor's rent, interest and profits. The orthodox economists clump together these two sets of economic plunder. They tell us that the costs of distribution must be reckoned as a charge upon production ; that the machinery of distribution in the final analysis is part of the machinery of production. Therefore it is argued, if the community were to take possession and control of land and machinery, it would

be compelled also to take over the distributive machinery. No doubt the average State Socialist would fall into the trap, because his scheme of life contemplates the purchase of all machinery at its capital value and the payment of interest upon that capital value—an interest guaranteed by the State. As we have already proved, this method involves the continuance of the wage system, because without wages there can be neither rent, interest nor profits. But the Guildsman and the Syndicalist are agreed that any such solution means a mere superficial modification of the existing industrial system; there can be no fundamental change without the abolition of the wage system. The truth is that the distributive elements in economic society, so far from subserving the real interests of the producer, actually blackmail the producing capitalist, extracting from him the maximum amount of surplus value—"what the traffic will bear," as the American railway directors grimly phrase it. If the blackmail stopped there we might be content to accept the dictum of the orthodox economists and simply regard the producing and distributive capitalists as the same body, the same neck, but two heads. But the facts do not warrant any such easy assumption. For two reasons: (*a*) because possession of the created wealth passes from the producer to the distributor, from the manufacturer to the merchant; and (*b*) because the distributor, having gained possession from the producer, proceeds to levy still further blackmail upon the consumer. How is it done? The reasons are rooted in history. The merchant of to-day, in league with the banker (formerly they were one and the same person), is the true lineal descendant of the original *entrepreneur*. He it was in the old days who actually "assembled the parts," paying cash for the products of the home industrialist, who had no capital, and making his profits by selling to the consumer, directly through his own organisation or indirectly through

local merchants. To this day, the small manufacturer, notably in Lancashire and the Midlands, depends upon the merchant, not only for the distribution of his product, but for the capital to carry on his business. Broadly speaking, the successful manufacturer is he who has worked free from the dominance of the merchant. But to achieve this the manufacturer has to acquire capital equal to the requirements of both production and distribution. To attract capital for production it is imperative to prove effective demand. This once accomplished, the banker forsakes his natural ally, the merchant, and ranges himself with the manufacturer. Be it always remembered that this struggle between manufacturer and merchant is absolutely contingent upon the capacity of both sets of exploiters to extract surplus value out of the products of labour—of labour purchased in the competitive labour market as a commodity. Suppose this labour commodity, like the slaves of a former day, were to say: "I am no longer a commodity; I am a living entity; you can no longer command me; henceforth what I produce I shall control," where, then, would be the manufacturer and the merchant? Tradition has it that when Moses crossed over to dry ground, and looking back saw the Egyptians struggling in the water, he raised his hand to his nose, elongated his fingers and shouted aloud: "Pharaoh! Pharaoh! Where are you now?" Labour, transformed from the inanimate to the animate, would find itself on the vantage ground occupied by Moses.

Now the plain fact is that the labour commodity theory—to wit, the wage system—is a direct incentive to the merchant to expand his profits. Depending upon the so-called iron law of wages, and having squared the manufacturer, he is in a position to rob the community in every direction. Number one middleman, commonly known as the merchant, is not content with less than

20 to 30 per cent.; number two middleman, commonly known as the retailer, wants another 30 per cent. Thus the consumer bears the middleman's depredations at one end and the manufacturer's at the other. In this way there has grown up on the foundation of the wage system a gigantic superstructure, the burden of which upon labour is now too heavy to be borne. One simple fact will illustrate the enormous extent of this distributive burden. Mr. Binney Dibblee estimates the advertising annual revenue of London publications alone at £10,000,000. He thinks it moderate to estimate the annual advertising expenditure at £100,000,000. The estimate for America and Canada is £250,000,000. Altogether, the total expenditure upon the modern industrial system of America and Europe is not far short of £600,000,000. Obviously, the consumer pays for this, and pays through the nose. Is it any wonder that real wages are falling? Is it surprising that rent, interest and profits are advancing by leaps and bounds? From 1900 to 1910, the Board of Trade Wages Index Number rose only 1·2 per cent., whilst the Retail Food Index Number rose nearly 10 per cent. During the same period the amount of income reviewed for income tax advanced by £217,000,000—an increase of 26 per cent.

It would be easy to write a considerable volume upon the economic waste involved in these profoundly significant figures. Consider the positive and negative waste in an expenditure of £100,000,000 a year upon advertising—the charge upon the producer and the consumer, the misapplied labour which might otherwise be put to genuinely productive purposes, the brainwork wasted upon "publicity," the spiritual and intellectual debauchment of the community by newspapers that thrive upon these advertisements, and whose "message" to their readers is conditioned by their advertising revenue. We must leave it to the satirist and the seer.

But the question remains : Has the merchant any real economic function ? We unhesitatingly reply that, whilst commercially his position cannot be challenged, he is, economically considered, a fruitful source of frightful and oppressive waste. The manufacturer we can utilise to good purpose ; the railways may be counted as genuine factors in production ; but the merchant—he is the pimp of industrial prostitution, the most powerful factor in maintaining a white slave traffic, of which the " white slave traffic " is a very small integral part. The function of distribution has been perverted by its divorce from production, and so far as can be humanly foreseen it can never be brought into true relation with production until organised production deals directly with organised demand. But neither production nor demand can be economically organised upon the basis of the wage system, because out of it springs surplus value, and surplus value is the apple of the economic struggle between the capitalist producer and the capitalist distributor. Between them there is not, and can never be, " economic harmony." Thus we see that out of a false premise grows an endless sequence of false and artificial conditions. The false premise is the old classical illusion that labour is a commodity with a commodity price based upon a sort of Dutch auction of competitive subsistence The economic " pulls " of which Mr. J. A. Hobson writes merely amount to this : whether this or that economic group has a greater or less grip upon surplus value. The moment animate labour decides that there shall be no more surplus value, at that moment these " pulls " become ineffective, for the simple reason that they are gripping, not a substantial surplus value, but the void. They grip at the void ; into the void they disappear.

Although the facts warrant our condemnation of existing distributive methods, we are the last to under-

value the supreme importance of effective distribution. There is probably more than meets the eye in the contention that it is the distributive classes that stimulate invention and variety of production. Assuming that labour rejects the wage system and takes control of production, what will be its attitude to the thousand and one demands made upon it by a highly educated and increasingly fastidious army of consumers? Will it ossify into conservative methods, rejecting variety as conducive to increased labour energy? That it will welcome labour-saving inventions we may be confident, but will it willingly meet the demand for an infinite variety of product—the inevitable requirements of a more highly civilised community?

The question is not easy to answer. But we may first remark that the benefits of variety, of high qualities, do not touch the wage-earner under the existing régime. Our present standards and canons of beauty and craftsmanship are false because they have grown in an atmosphere of false economy and artificial conditions. There will, likely enough, be no encouragement for Bond Street, for Bond Street depends not upon beauty, but upon exclusiveness of price. In any event, labour to-day produces what Bond Street demands, and what labour has done labour can do again. Nevertheless, it is highly probable that labour will rightly regard as wasteful much that to-day is regarded as beautiful and in good taste. But the craftsman's innate passion for creating beautiful things cannot fail to be stimulated by his increased capacity to enjoy for himself the work of his hands. It was under the mediæval guilds that craftsmanship reached its highest development; we may be sure that the spirit of craftsmanship will continue to express itself. Nor will it be necessary to spend £100,000,000 a year to bring the craftsman and the lovers of beauty into touch with each other. The guilds will be the means whereby

labour conquers the production of wealth ; we may rely upon a widely extended development of general culture to render life not only spiritually but materially more beautiful.

We are now in a position to sum up the economic bearing upon the national life of the wage system. We see :

(i) That the wage system is the spine of the existing industrial anatomy.

(ii) That it condemns the wage-earners, who represent four-fifths of the community, to complete economic proscription, leaving the instruments of production and all surplus wealth in the absolute possession of rent, interest, and profits.

(iii) That wherever wages rise above the subsistence level, as in the case of the skilled or organised trades, the margin is practically absorbed by the burden thrown upon wages of maintaining the reserve army of the unemployed.

(iv) That by the power conceded to capital to purchase labour as a commodity, a vast uneconomic army of middlemen has arisen, which expands surplus value to such unhealthy proportions that distribution has ceased to be a factor in production, but constitutes a separate and dangerous interest, having exactly the same relation to the producer that the shearer has to the sheep.

(v) That, in consequence of these conditions, the industrial structure of Great Britain is artificial and dangerous to the economic health of the community.

(vi) That the only way to abolish rent, interest and profits is to abolish the wage system. No wages, no rent ; no wages, no interest ; no wages, no profits.

(vii) That economic power is the progenitor of political power. From this it follows that the political power of the Labour Party is strictly limited by its economic power ; that inasmuch as wages involve the

sale of economic power to the possessing classes, labour cannot possess economic power, and in consequence its political power is "passive," whilst the political power of the possessing classes is "active."

Finally, we see that the real solution consists in a fundamental reconstruction of the system of wealth production; that it now only remains for the wage-earners with one accord to proclaim that they will no longer work for wages. Out of the ruins of the wage system will spring a new economic society, and in that society we shall discover new conceptions of wealth, of value, of art, of literature—a new scheme of life. To this new order of society every wage slave must look for emancipation; to it fervently look the artist, the craftsman, the writer. Dead are the industrial ideals and dead are the spiritual conceptions of existing society; dead is its religion and paralysed are its devotees. After a decade of troubled sleep, the pioneers are again on the march. A new hope inspires them. Will the main body of the army respond to their signals and follow?

X

THE TRANSITION FROM THE WAGE SYSTEM

I

LET us again remind our readers that the wage system involves two false assumptions: (i) That labour is a commodity pure and simple; (ii) that the seller of labour, having sold, has no kind of economic or social claim to the products of labour. Obviously the second assumption is based upon the first. It is surely now evident that no social revolution is possible that assents to or even adapts itself to any wage system. In a generation or so from now our children will study the wage system with precisely the same horror and curiosity that we regard the slave system.

How, then, are we to escape from the slavery of wagedom?

We have had to consider another aspect of this problem in the course of our inquiry. We have found that economic power is the dominant factor in the political sphere; as we have shown, time and time again, economic power precedes political power. Therefore it would be futile to look to the surface play of politics for release. We must resolutely face the necessities of the situation: the battle must be fought in the economic sphere, for where wealth is produced, there and only there are the wage slaves in their true element; there and only there must the great change be effected. If,

then, the revolution is to be economic (the political moon subsequently reflecting the light of the economic sun), what material has the wage slave wherewith to fight? He can only control two factors: (*a*) labour power; (*b*) labour organisation. He is the absolute possessor of labour power until he sells it for wages; the wages he gets are modified by his capacity for trade organisation. Therefore the struggle must proceed on two parallels: first, the determination, final and considered, never again to sell labour for wages (this determination involves proprietorship of the ultimate products of labour); secondly, the complete organisation of labour upon a footing of industrial war. And anything less than complete organisation spells failure.

Having predicated the determination to end the wage system, what remains for us to do is to consider the plan of campaign. Let us confess that the difficulties are stupendous. Let us further confess that these difficulties are mainly in our own ranks. For example, it is apparent that the political Socialists and Labourists are prompt to congratulate themselves every time a strike fails. "Just what we told you," they say, smiling; "the day of the strike is over; you must entrust your affairs to us politicians." Of course strikes are failures. They fail because as yet there is barely a vestige of effective organisation; they fail for want of a true objective.

The present position is just this: an army of one million, well provided in every respect, is surrounded by an army of thirteen millions, ill-equipped, lacking in unity and almost devoid of purpose. The result is that every engagement is merely an affair of outposts. The beleagured army is content to remain where it is. It is well provisioned, well equipped, and life within its lines is distinctly agreeable. Therefore the attack must come from the besieging army. To succeed, the

attack must be the result of thorough organisation. But you cannot get thorough organisation without willing co-operation amongst the various units. What happens to-day is that here and there a sectional attack takes place. The main body of the labour army knows nothing about it until it is too late. The political section sneers at these forlorn hopes, and calls for parley with the entrenched army. They seem to think that the possessing army will capitulate to the honeyed phrases of a MacDonald, a Snowden, a Keir Hardie.

Of the hopelessness of sectional fighting we have scarcely the heart to write. It is the most stupendous folly imaginable. Before us, as we write, are the official figures of strikes and lock-outs from 1901 to 1910. During that period there were 4557 disputes, involving 2,210,487 workers, who fought for 44,376,707 days. Fought for what? God knows; nobody else does. Will some person of plain common sense seriously consider what would have been the result had these forty-four million working days been devoted to some definite objective? How much nearer should we be to the destruction of the wage system had there been an intelligible objective? But mere disputes about the amount of wages, the hours of labour, or the conditions of wages lead nowhere, and are waste of time and money. The political Socialists are right in this; they are equally wrong in assuming that well-organised and well-directed strikes must prove equally futile. During the ten years under review, the trade unions spent £2,348,370 upon these disputes. But during the same period, as a result of the wage system, rentmongers and profiteers walked off with £12,000,000,000 (twelve thousand millions) of plunder. During the same period, four-fifths of the community had to content itself with £6,000,000,000 (six thousand millions). Thus we see that organised labour has as yet no conception of the magnitude of the battle. For is it

conceivable that any body of intelligent men would fritter away their sinews of war upon four thousand small and ineffective skirmishes if they realised that by effective organisation they could emancipate themselves from wage slavery and keep to themselves twelve thousand millions worth of wealth they themselves had created?

What, then, is the stumbling-block? Sectionalism, and nothing else. An examination of the list of trade unions reveals an appalling condition of sectional organisation. In the building trades there are no less than twelve different unions: the Manchester Unity of Bricklayers, the Operative Bricklayers, the Operative Stonemasons of England and Wales, the General Union of Operative Carpenters and Joiners, the Amalgamated Carpenters and Joiners, the Associated Carpenters and Joiners, the United Operative Plumbers, the National Operative Plasterers, the National Amalgamated House and Ship Painters and Decorators, General Labourers' Amalgamated Union, Navvies, Builders' Labourers, and General Labourers, and the United Builders' Labourers. It is true that in various ways some of these unions are federated, but, taking a broad view and having regard to the future struggle, this is not organisation—it is disorganisation. Turning now to mines and quarries, we find no less than sixteen different unions. It is true that their federation is, on the whole, reasonably efficient. Nevertheless, the last miners' strike made it clear that local sectionalism proved to be the undoing of the miners. We learnt that one district could hold out two weeks, another district was good for thirteen; that in one district the men got so much strike pay, and in another so much more or so much less. Sectionalism, combined with the politicians, killed the last miners' strike. Next look at the metal, engineering, and shipbuilding trades. They have fifteen different

unions treading on each other's toes. The textile trades luxuriate in no less then twenty-four different unions. It is sectionalism run mad. True that federation plays a wholesome part in both the engineering and textile industries, but multiplicity of separate and autonomous unions destroys unity, spontaneity and simultaneity—fatally delays if it does not destroy. Turn we now to the transport workers. As we shall show later on, these men hold the strategic key to the revolution. Meantime we observe with consternation that this trade has no less than eleven different unions and practically no federation. And so we might go through every trade and find the same result—sectionalism rampant, unity lacking. At the end of 1910 there were 1153 separate trade unions, with a total membership of 2,435,704.

This brings us to the crux of the problem of organisation. These various unions are mostly of local origin; their membership is restricted, and they are tenacious of their individual existence. Financial considerations and officialdom stand in the way of amalgamation; time and energy are wasted upon local struggles and purposes, the main interest of the general body of wage-earners hardly being considered. But what is infinitely worse, all this local or semi-local sectionalism bars the way to the industrial organisation of the whole army of wage-earners. There are two and a half million trade unionists; there are thirteen million wage-earners. The *mot d'ordre*, therefore, is not only more effective organisation amongst existing unions, but the widest possible extension of trade organisation amongst non-unionists. We decline to accept the assurances of the political Socialists and Labourists that trade unions cannot be greatly extended. If they will clear the ground by wholesale amalgamation and by simplification of their rules, particularly as regards membership, we believe that it would be possible to rope in ten million members

in the next ten years. Such a consummation would, however, be hopeless if the active trade unionists are to be distracted by politics, and their energies dissipated in political Labourism. We have now learnt that political Labourism has very strict limitations. It is, in the final analysis, dependent upon the economic power of the wage-earners. But that power is, in its turn, limited by ineffective organisation. Thus trade unionism to-day is travelling in a vicious circle: it seeks redemption through politics, only to discover that politics can do nothing for it; it dissipates its energies upon politics, and so kills itself twice over. It kills its economic power by preoccupation with politics; its politics are barren because it has not conserved its economic power. Further, existing trade unionism is based upon the wage system; its object is to increase wages or ameliorate wage conditions. But when it becomes informed through and through with the new spirit, when it realises that there are infinitely greater stakes at issue, then, we doubt not, a vast organisation of wage-earners will become an accomplished fact, and the end of the wage system will actually be in sight.

But having got our army of wage-earners, there still remains the plan of campaign—leadership, strategy, and, above all, the commissariat.

II

The new struggle, inspired by the idea of the abolition of the wage system, must necessarily call into being a new type of leader. The present type has served its turn and, with all its errors and limitations, it has fairly and squarely earned our gratitude. The ceaseless moiling and toiling inherent in trade union organisation has been given ungrudgingly by a body of officials, whose pathway has been

strewn with thorns. They have, on the whole, received more kicks than ha'pence. Recently the ambitions of the union leaders have been diverted to political ends to the detriment of economic power. The new type must adhere faithfully to its true function. We do not doubt that out of the illimitable human wealth of the industrial democracy the new type will be found in abundance.

More to the point is the new method of campaigning. There clearly must be a far higher degree of co-ordinated direction and regimentation. Isolated action must be regarded as mutiny and sternly suppressed. Unions that strike without the assured support of the main army must do so on their own responsibility. On the other hand, wherever a strike has been properly declared, it must have the unrestricted backing of the organised forces. The recent Dockers' strike is a case in point. The men came out and trusted blindly to the general good-will of their comrades. They got the good-will in plenty and precious little besides. Nor is it conceivable that the railwaymen would have been allowed to come out weeks after the transport workers had gone back. They should have all come out together. Nay, more—they should all have been in the same union.

We have several times referred to the lack of co-ordination amongst the transport and railway workers. For this reason : A union completely covering all the men engaged in the transport of merchandise could, if properly supported, win the battle and smash the wage system. But this is only possible with complete unity of action between the railway driver, the guard, the signalman, the docker, the vanman, and the 'bus-driver. And this unity must be financially backed by every other union, each according to its numerical strength. The key to the position is here. But supposing the Government were to counter the movement by manning the railways and street vans with the Army Service Corps—a likely enough

contingency—then the other unions must be so organised that the Army Service Corps has nothing to carry.

Such a campaign, be it noted, depends upon two vitally important considerations : (*a*) A complete commissariat system to maintain the labour army in times of industrial strife ; and (*b*) an industrial army council with plenary powers to direct operations.

The lesson of the last century of strikes is that when they have failed it has been because the commissariat department broke down. And we may go further and affirm that this was due not so much to the lack of money as to the failure to realise that war between labour and capital is nothing but war, and that, therefore, it should be conducted on a war footing. *Inter arma silent leges ;* a strike conducted with meticulous regard for law and custom is almost certainly doomed to failure. The leaders of strikes are prone to curb the action of their men by confining them to legal limits. The true line to follow is to disregard all legal obligations precisely as soldiers do in the enemy's country, and for the same reason. Roughly, policy dictates in times of conflict :

(i) That on the proclamation of a strike no rent be paid.

(ii) That on its termination no arrears be paid.

(iii) That on any attempt to extort rent by threat of, or by actual distraint, every non-striker in the district affected shall forthwith cease to pay rent.

(iv) That no arrears, in such circumstances, be recognised. (By this means, rent is specifically struck at as well as profits. The striker kills two birds with one stone.)

(v) Rent being temporarily abolished, the most important consideration is food. Hitherto, food has been provided by means of strike pay. This must cease : the method is obsolete. It is not only haphazard and operates harshly upon men with large families, but almost inevitably

hits the unfortunate retailer. This is so universally the case that retailers find their credit cut off upon the declaration of a strike. We believe, not without evidence, that the large wholesale houses often do this, not because they fear the retailer will not pay, but deliberately to hamper or kill the strike.

(vi) The Co-operative Wholesale Society should be the natural ally of the unions during a strike. This fact recognised, the obvious step is for the unions to contract with the C.W.S. for the supply of rations to all the strikers, regard being paid to the number of each striker's family. At a close estimate, it takes five shillings per week per individual to maintain life. At wholesale prices this might be reduced to four shillings. The rule to be adopted, therefore, is that no money shall pass, the C.W.S. or the local trader to provide the rations and to be paid direct by the trade unions. Two important purposes are subserved by this arrangement : the strike can be indefinitely prolonged and the source of supplies maintained.

To conduct the future strike, the formation of an army council becomes imperative. To this council each union must not only send its delegate, but subscribe its obedience. The *sine qua non* of success in striking is promptitude of support. As things are to-day, this is impossible. It often takes weeks to bring the unions into line—as often as not after the strike has failed for want of proper support. Incidentally, as a condition precedent to the organisation of labour, all wage agreements, sliding scales, time contracts, and any and every legal harassment must be terminated. A weekly wage without any embarrassing conditions must be insisted upon.

To avoid any misunderstanding, let us once more reiterate that we desire no such elaborate strike organisation merely to modify the wage system. We postulate, first and last, that no strike is worth while that does not aim specifically at some form of control. It cannot be

too often emphasised that control—joint or complete control—spells the negation of the wage system. And while we are about it, for the last time we affirm that the negation of wages means the negation of rent, interest and profits. No wages, no rent ; no wages, no interest ; no wages, no profits.

PART II

NATIONAL GUILDS

I

THE MORAL FOUNDATIONS OF EXISTING SOCIETY

In the preceding section of this inquiry we have shown that the compulsory competitive wage system (hereinafter indifferently called wage slavery, or the rack wage system, or the wage system) is the economic or industrial basis of existing society. The essential features of this system are, first, that the labourer shall be regarded as a raw material; second, that to this end he shall have no alternative means of making a living save by working for wages; and, third, that he shall be compelled to accept such wages, however low, as are fixed by competition and the law of supply and demand. Before proceeding to the more constructive part of our task, which is to show how this system can be abolished and replaced by a better, it is advisable to ask ourselves whether there are any commanding moral considerations to justify the maintenance of society as it is. For we have already assumed that the economic and the moral systems of any given society are closely related, so that if a moral justification exists for it, an economic system tends to stability, and if no such justification exists, to instability.

At the outset we are met by the fact, becoming more

apparent every day, that the rack wage system in itself is immoral; that is, it does violence to the natural instincts of man. It is not to be denied that the realisation of the immorality of one class of men reducing another class to and maintaining them in a condition of propertylessness in order to exploit their wage labour for private profit has been slow in coming. Even at this moment the realisation is confined to a comparatively few minds. But the analogy of the wage system with chattel slavery even in this respect is striking; for it took several millenniums for society to realise that chattel slavery was fundamentally contrary to the nature of man. When, however, this immorality was realised, and, above all, *felt*, the economic system dependent upon it was doomed. No arguments based on tradition, utility, theology, or science were of the smallest value against the moral conviction that chattel slavery was bad. It might even have been demonstrated that the economic successor of chattel slavery was bound to be inferior in point of production to the system that it displaced. The *heart* of society was made up and the head was compelled to take the economic risk and to make the moral plunge. Similarly, it is conceivable that before very long the same moral repugnance that was felt for chattel slavery on the eve of its abolition may be felt for the rack wage system; and in that event economic considerations would receive short shrift. In the end, however, we believe that what is morally right is economically right; it is in this faith that moral reformers and practical economists find themselves so often on the same side.

But without comparing the feeling against wage slavery as now manifested with the feeling which ultimately abolished chattel slavery, we may say that against wage slavery, as against chattel slavery, an increasing minority has always been in active revolt, and the mass of men have always been in passive revolt.

For the active revolt it is only necessary to look at the history of Socialism and of Utopianism, both of which alike make the abolition of the wage system their goal. But in regard to the passive revolt the evidence is not less conclusive.

For example, nobody doubts that the majority of wage earners would be willing, any one of them at any moment, to exchange their position as wage-earners for the position of economic independence, even if this latter involved a permanent reduction of financial income.

Again, it is a matter of observation that the mass of men regard wage service as distinctly inferior in point of status, not only to independence, but even to the old feudal status of the personal servant (not slave). We are aware that there is no love lost between James and Bill, but it is, nevertheless, true that as between the two economic orders of personal and wage services, the former is in a subtle sense superior.

This is still more clearly seen in the superior status of Government pay-service as compared with private wage-service. Nobody can fail to be struck by the difference in self-respect, at least, that comes over men when they are transferred from private to public employment. The nature of their employment under Government may even be more onerous than that of the private service they have left. It may conceivably even be less well paid. Nevertheless, it has its compensations, not only in permanency and pensions, but quite as much, if not more, in status, by reason of its removal from the private competitive wage system. While this is obviously true of clerkships and the like, it is strikingly true of the Army and the Navy—both of them manual employments. The pay in both these services is ridiculous (particularly, be it noted, for the officers—the brains); no private employer could enlist half the numbers necessary at anything like the wages paid to our soldiers and sailors.

The conditions of the employment, again, are worse than any respectable private business would permit itself to impose. Yet, in spite of these drawbacks, soldiering and sailoring are superior in recognised status to private occupations such as bricklaying and tailoring—for the reason, as we maintain, that in them neither does the wage system prevail, nor is the service designed for the private profit of any individual or even class.

From these and similar considerations we deduce the conclusion that the wage system, though as yet in a less degree than chattel slavery, is, and has always been, repugnant to the disposition of men. Men do not seek to escape from a system that suits them, nor do they associate with such an escape a superior status. If, therefore, as a matter of fact, men instinctively and, as they become articulate, consciously seek to escape from wage slavery, it is fair to say that wage slavery, whatever its merits, has not the merit of being naturally acceptable to man.

But in one sense the earth itself is not natural to man. The earth, our mother, is not so kind that the human race may do what it pleases. On the contrary, obligations involving painful toil, not at all to our taste, are perpetually being forced on us by the disposition of Nature. It is difficult to conceive a society in which these obligations can be entirely eliminated or the toil and sacrifice involved in them entirely transformed into pleasure. Utopians may dream of such a condition, but they reckon without their host. Something will remain, even when we have done our best, that is painful or requires exertion, or involves the necessity of chastening our personal inclinations. The question is, therefore, this: Is the wage system necessary, is it indispensable, is it a minimum sacrifice we must needs make for the purpose of exploiting Nature? Admitted that the exploitation of men by men is immoral, can this immorality

be justified either by the necessities of the case or by the superior moral advantages of the wage system over any system we can devise? It is generally accepted that the wage system is humanly superior to chattel slavery. It is also proved that the new system, the system of wage slavery, is more economically productive than the system it displaced. But this, it may be argued, was a happy accident. We cannot expect that our second moral leap will be equally successful economically with our first. We may find ourselves, in fact, if we abolish wage slavery, worse off than we are now.

Without considering these economic objections at this moment, we may ask what moral advantages are claimed for the wage system in operation to compensate for and to justify the immorality involved in the wage system itself. Admitted that society cannot be utopianly perfect, is the moral balance of the wage system and its works in favour of or against its maintenance? Does it pay society, morally, to maintain the wage system, for the moral values society derives from its discipline? Let us see. There are, broadly, three defences of the existing system, differing in their degrees of moral value.

The first bases itself purely upon the sanction of law, assuming the law's inviolable sanctity. Mr. Grabbing Millionaire, asked to justify his position, replies with characteristic emphasis: "I accumulated my money under the law's protection; I look to the law to continue its protection." The answer to this is simple: "What the law has given, the law can take away; blessed be the name of the law." What has Mr. Grabbing Millionaire to say to that? Literally nothing. Like the soldier, who lives and perishes by the sword, this man lives and perishes by the statute-book. Economic power is his; but it is of low voltage, and the political power that springs from it is vulgar and morally ugly; there is no beauty in it that we should desire it. Great Britain,

with its feudal traditions, has only in recent years developed this type in all its nakedness, but it thrives in America. The British type came from South Africa. It must be evident that no community could withstand a shock from within or without if it had no stronger moral justification than this. But the present industrial system has weathered too many storms to warrant the assumption that its moral justification is rooted in so shallow and kaleidoscopic an institution as the statute-book. The mere fact of legal title does not morally suffice. We must look for the moral sanction behind the law.

The second class of defence may be summed up thus : The work of the nation must be done ; theorists do not do it ; the practical man does. Therefore he is but doing his duty. His duty accomplished, his moral justification is complete. The practical man does not pretend that the result of his labours is altogether beneficent ; he is too conscious of the imperfections of human organisation to make any such inordinate claim. " But," he says, " I have honestly done my best ; a better man would doubtless have done better ; nevertheless, I am what I am ; what I have got has been acquired in good faith. I did not primarily rely upon law, but rather upon the innate fairness of my fellow-men. True, I have acquired wealth because I was diligent in business ; but I have not knowingly done any man an injury. Further, taking it by and large, the only practical way to run the industrial machine is by means of the wage system. There is wastage, it is true, but so there is in every machine. The wage system, on the whole, works, and works reasonably efficiently. Its practicality gives it moral sanction." Instantly admitting that the practical man makes out an infinitely stronger case than Mr. Grabbing Millionaire, we must carefully distinguish between the practical man's attitude towards to-day and to-morrow. The element of practicality as a moral force

cannot successfully be disputed in regard to yesterday and to-day. Ill or well done, the work of the world has been done. We may, indeed, concede more than this: no student of industrial development would deny that great moral qualities have gone into the slow integration of the social system. The technical men have ungrudgingly given of their best, both to their employers and to their fellow-workers. Look at the long list of technical and commercial associations connected with almost every trade; consider sympathetically the intellectual work (often of a high order) gratuitously done out of an increasing sense of guild solidarity; look into these men's hearts and watch their glow of pride at the recognition freely given by their fellow-craftsmen, a far greater pride in the admiration won than in any monetary consideration; knowing this, we readily and gratefully recognise our immense indebtedness to the great army of thinkers and experts who have in their several ways conquered nature, even though they had to utilise the wage system to compass their ends. We can understand this type of practical man (often nearly related to Carlyle's "practical mystic"), conscious of his moral strength, reading into the accomplished fact the same moral purpose that inspired himself. He is, indeed, the moral prop of the industrial system. Shame a millionaire into grudging admission that he has by no means earned the fortune that is his, and he is prompt to defend the system that enriched him beyond his deserts by referring us to the experts, the thinkers, the practical men evolved by that system. Just as he exploits their labour in the industrial sphere, so he exploits their character in the moral sphere.

To-day, the practical man remains an ally of the capitalist section of society because he can, by this alliance, practically fulfil his gospel of achievement—of material achievement, of fruitful work in concrete

things. But it is our purpose to convince him that a far finer career of material achievement awaits him when the community is reorganised into its true industrial formation, when every effort of brain or muscle shall be definitely directed to economic production. We shall then see that practical sense as a factor in the world's work is by no means a monopoly of the present possessing classes; rather, that it is an element of our national genius and common to all classes. Unless we can prove the practicality of Guild Socialism, and so attract the practical man, we admit that we are preparing for a moral and material catastrophe.

But whilst paying tribute to our army of practical men and recognising their moral value and influence, it is still our duty to examine closely into their claim that they have made the best of their available materials. To be set against their claim is the broad fact that, whilst they have overfed and overdressed and overhoused a small section of the community, they have underfed, underdressed, and vilely housed the vast majority of the population. On the score of practicality, what has the practical man, the administrator, to say to this? He would probably reply that he inherited the capitalist policy, that he was impotent outside its purview, and that consequently he had no alternative but to maintain the wage system. But this is a confession of failure. Is it a failure in morals? To the extent that the practical man looked with contempt upon the claim of the wage slave to be a temple of God, to the extent that he ignored the imaginative, the intellectual and the spiritual elements (priding himself upon being above all things practical), he must be considered a moral failure —this practical man who built his house upon the sands. Thus we discover that the apologists of the industrial system fail in their contention that it alone evokes the great moral quality of practical achievement. In

technical details it has achieved wonders; in the larger considerations of national health and economy it has failed egregiously.

There is a much more subtle defence of our present social system in vogue in intellectual circles. It may generally be described as the Conservative defence. Let us suppose some Conservative leader—say Mr. Balfour—to be arguing the case for the present system. He might say: I am profoundly conscious of all the suffering, injustice, and demoralisation involved in the maintenance of our social and industrial system. It seems horribly unfair, and certainly cannot be defended if it be preventible within the limits of the system. But the system must remain because it is the true inheritor of all the great traditions, of the learning laboriously gathered through endless generations. Even more important, the faith handed down to us by the fathers must be conserved. Now democracy is practically the negation of culture and religion. To be sure, I grant that it may develop a culture and religion of its own, but the link with the priceless past will be snapped. New-fangled religion and eccentric cultures are not to my liking—emphatically no. How do you think we have preserved all that was beautiful and enduring in the culture of the ages? Many factors doubtless entered into the edifice, but broadly speaking it has been built up, conserved and preserved, by a privileged class of ample leisure and large resources. Nor is that all: this leisured class, on the whole, has bred wisely, and notwithstanding some blood vitiation since the advent of the industrial and financial magnates, we still remain, in the main, a real aristocracy. If in the practical affairs of mankind we are unpractical, what of it? It is not our function. We are sentinels sternly bidden to guard the sacred catena of civilisation, to see that there shall be no break in the continuity of history, tradition, and culture. What

prouder mission was ever entrusted to a privileged class than to maintain civilisation? If, therefore, we painfully realise that the continuance of the wage system involves slavery and the horrible things implied by it, it is not because we do not sympathise, but because larger and more enduring considerations must prevail. We are unwillingly forced to this issue: culture and religion, the natural words by inheritance of an aristocracy (which economically depends upon wage slavery), are threatened by a new order of society which cares for none of these things. We cannot risk the loss of another Alexandrine library; the Louvre was only saved by a miracle; Cromwell's bullets are still imbedded in our churches. These facts are symbolical. Democracy triumphant blatantly writes "Ichabod" on our sacred temples. It is Aristocracy against the Mob.

Thus admitted into the intimacy of Mr. Balfour's mind, we might, in reply, murmur, "O ye of little faith!" But the response would hardly be adequate. For this, amongst other reasons: The abolition of the wage system involves not merely an economic revolution, but, *ex hypothesi*, a spiritual revolution also. A spiritual revolution, indeed, will be necessary as a precedent condition of the economic revolution; for we are not so blind to the lessons of history as to imagine that an economic revolution *for the better* can be engineered by force and greed alone. Would then this spiritual revolution which we hypothecate be likely to destroy what is already spiritually desirable in existing society? Rather it seems essential that it should come not to destroy but to fulfil; not to make a complete break with its own spiritual past, but to release that past for new conquests. And in this assumption we are supported not only by reason but by facts manifest to everybody. For it is clear to-day, if it was never clear before, that spirituality of mind, culture and innate taste, are not

now, if they once appeared to be, the monopolies of any one class. They can no more confidently be looked for among the wealthy, leisured classes of to-day than amongst the artisan and professional classes. The gloomy forebodings of Mr. Balfour that literature, science and art would droop and die under the democratisation of industry are based, therefore, upon a profound misapprehension of the distribution among our nation of the spiritual qualities of which he speaks. It is the nation that has always produced them; and the nation may be relied upon to continue to produce them.

Even to-day, with the mass of the population degraded by wage slavery, is it the young aristocrat or the young democrat who dreams dreams? Is it the Pall Mall lounger or the untiring Socialist worker in the provinces who lives in ideas? Is it the young man just down from Oxford or Cambridge, or the studious working man who to-day soaks himself in genuine literature? Publishers, booksellers, and librarians could tell Mr. Balfour strange stories on this head.

But what, after all, does the Conservative really mean by art and literature and the morals and manners that flow out of them? Is it not the art of a class and the literature of a select few? This fact stands sure: there can be no great art and literature that is not rooted in the life of the people. We know, in fact, that the greatest periods of culture the world has ever seen have been associated with a national consciousness of which the self-consciousness of any given class is a contradiction. It was not on his class that Plato or Aristophanes prided himself; it was on his nationality. And it is no less certain that Dante, Goethe, Shakespeare, and the great men of later Europe have been imbued with the spirit of their respective nations far more than with the spirit of their class. However it may be for the dilettantes of culture, the culture heroes themselves have always

depended for their inspiration on the corporate spirit of the community in which they lived. It is true that dilettantes have in all ages sought to appropriate for the few and for their class the works of communal minds, thus confining to party what was meant for the nation ; but it is equally true that the first to condemn them for their narrow-mindedness have been the communal minds themselves. These latter know, indeed, the sources of their strength. It is not from any class that they draw their power, but from the nation at large and from its very soul.

We may therefore reply to the Conservative's plea that the wage system in creating a privileged wealthy class creates the conditions of culture, by denying, first, that culture (which is merely good taste) is the property of any class ; secondly, by pointing to the examples of national culture and contrasting them with the ephemeral exotics of class culture ; again, by calling to our support the culture heroes themselves ; and, finally, by challenging in theory as well as in fact the assumption on which the case for an æsthetising oligarchy rests. For is it not obvious that the assumptions on which the Conservative's arguments depend are the assumptions that artists of all kinds *prefer* inequality to equality, that they are more happily inspired when working for the wealthy than when working for all, that, in the end, they *can* work for a class ? But we have yet to learn the name of any artist of the first rank who did not hate, even when he submitted to it, his servitude to the wealthy ; or was not drawn, usually against the opposition of the select few, to appeal to men of all classes, the nation at large. For, again, such men know not only that the soul of the nation must be whole that their art may flourish, but that their fitting hearers are scattered over all classes and in all ranks and walks of society. To assume that the wealthy, or even the leisured, have, as a class, innately more taste and appreciation of culture than the poor or

the overworked, is contrary to common experience. Society is not now, if it ever was, graded in castes of mind corresponding with the rates of income. On the contrary, as Manu said, the castes are mixed and mingled in inextricable confusion. Anywhere, in any economic class, a Shakespeare may be born or a lover of Shakespeare may be found. It is simply, therefore, the desire of finding his complete order of hearers that drives the great artist instinctively to cast his net over the whole nation. From the nation he comes, and to the nation he desires to go.

We may certainly conclude that the fears for culture which dilettantes may entertain from the equalisation of economic conditions are baseless and without the warrant of the creators of culture. On the contrary, it is only when all has been made equal that can be made equal that the spiritual inequalities of talent and genius will plainly appear.

Broadly, then, we may affirm that the moral foundations of existing society are not more immune from destructive analysis than is its economic basis. The wage system creates two classes in the community, thereby splitting the nation in twain, to the destruction not only of its own soul, but of the soul of its two divided classes. With the abolition of the wage system, followed by the guild organisation of society as a whole, we shall reach a unity of economic interests and a correlative unity of moral perception.

II

A SURVEY OF THE MATERIAL FACTORS

BEFORE we can profitably begin our study of Guild Socialism, it is desirable that we should present a conspectus of the existing organisation of the industrial factors. As its name implies, Guild Socialism is necessarily a work of democratic social reconstruction. It is democracy applied to industry. Herein it differs fundamentally from State Socialism, which leaves to the bureaucrat the task of organising the industrial army without regard to the democratic principle. The term "Guild" implies voluntary organisation and democratic management. Historically considered, this is its true connotation. It is because of this tradition that we apply the word "Guild" to that democratic industrial organisation which our inquiry into the wage system has persuaded us is necessary if the future of the British national as well as working community is to be ensured. We have seen how certain it is that if the mass of the population consciously accepts the labour commodity theory and accordingly sells itself for wages, the servile state becomes inevitable. That way lie despair and the denial of every ideal, every hope and every democratic expectation for the future. The future welfare of Great Britain is bound up in its present will-power and capacity so to reorganise itself that it can produce and distribute wealth relieved from the incubus of competitive wages, rent, interest and profits. As we have already proved, the first step

is the abolition of the wage system, for it is by means of wages that rent, interest and profits are exacted. But a mere declaration that wages are abolished is obviously absurd, unless an effective and superior substitute for the wage system is forthcoming. That substitute, in its turn, depends upon the coherence of the new organisation. But we must not even begin to elaborate the main outlines of the new social structure until we have clearly realised the content and extent of our task.

Confining ourselves in this chapter to the material factors of the problem, we may say that they are—(i) production; (ii) population engaged in production and distribution; (iii) the number of wage earners as distinct from administration; (iv) the value of labour as distinct from the cost of the raw or semi-raw material. Inasmuch as the primary consideration is our capacity to produce wealth, we shall restrict ourselves to that aspect of the inquiry, leaving the question of distribution to subsequent treatment. We would, however, remind our readers that we have already partially dealt with distribution in our chapter, "The Economics of the Wage System."

The first census of production, carried out in 1907, disclosed the fact that 6,936,000 persons (salaried and wage-earners) are engaged in productive work, the annual labour value of which is £712,000,000. The labour value here mentioned is calculated by excluding the value of the raw materials before they entered the factories. In the words of the report: "It represents the total value added to the materials in the course of which wages, rents, royalties, rates, taxes, depreciation, advertisements, and sales expenses and other establishment charges, as well as profits, have to be defrayed." It is extremely important that our readers should clearly understand that these figures do not include (*a*) transit charges, (*b*) raw materials, (*c*) wholesale or retail dis-

tributive charges of any kind. The £712,000,000 represents only the value added to the raw material by the application of productive labour power, direct or indirect. At the risk of being tedious, let us again remark that we are dealing only with production. It will be observed that the number of employees, quoted above, includes both administration, that is, roughly speaking, salaried persons, and labour, *i.e.* the wage-earners. As, however, we deemed it essential to the argument that these should be distinguished from each other, we have been at some pains to ascertain the exact number of wage-earners engaged in the industries with which we propose to deal. It is fortunate that the preliminary reports of the Census of Production give us also the average wages of the wage-earners in certain trades: it is unfortunate that these reports do not as yet cover the whole field.

As we write we have before us the particulars of about 140 different trades. We should like to set them all out completely in tabular form, but apart from the fact that our available space is limited, no serious end would be gained. We shall therefore arbitrarily select only those trades wherein 50,000 or more persons are engaged. Wherever possible we have given the average wages.

The average wage in this table is probably overstated. We have taken the average weekly wage as ascertained by the Census of Production and multiplied by 50, allowing, that is, only two weeks' unemployment per worker per annum. The building group, as a seasonal trade, we multiplied by 40, the figure usually given. In one or two instances we have grouped the returns for the sake of compression, and grouped the average output and wage accordingly.

This industrial table is probably the most significant published in recent years. It lends itself to exhaustive treatment not only by the statistician, but by the social

philosopher. Without entering at length into its full meaning, we see certain important conclusions germane to our particular text to be drawn from it, and only to these shall we now refer.

First : It is graphically evident that the wage system is the basis of modern wealth production ; for only by treating labour as a commodity and subjecting it to a

Trade Group.	Net Output.	Persons Employed.	Net Output per Person Employed.	Wage Earners Employed.	Average Annual Wage.
	£		£		£
Building and Contracting Trades	42,954,000	513,961	84	476,359	59
Coal Mines	106,364,000	840,280	129	826,567	—
Iron and Steel Factories	30,948,000	262,225	118	248,161	82
Shipbuilding and Marine Engineering	17,678,000	184,557	96	175,105	72
Engineering Factories	49,425,000	455,561	108	416,924	67
Railway Construction	17,103,000	241,526	71	232,736	67
Clothing and Millinery Factories	27,237,000	440,664	62	390,863	36
Boot and Shoe Factories	8,965,000	126,564	71	117,324	46
Cotton Factories	46,941,000	572,869	82	560,478	50
Woollen and Worsted	19,452,000	257,017	76	247,920	40
Jute, Linen and Hemp (Great Britain)	5,020,000	81,703	61	79,534	34
Linen and Hemp (Ireland)	4,318,000	71,761	61	71,311	30
Printing and Bookbinding	15,288,000	172,677	89	156,161	—
Chemicals	9,464,000	51,088	185	45,107	—
China and Earthenware	4,596,000	67,870	68	64,043	—
Brick and Fireclay	5,060,000	63,287	80	59,880	—
Bread and Biscuit Factories	11,590,000	110,168	105	97,724	—
Cocoa and Confectionery	4,975,000	60,735	82	54,132	—
Brewing and Malting	41,140,000	85,222	483*	69,249	—
Timber Factories	6,201,000	74,564	83	66,224	—
Furniture	9,245,000	91,412	101	83,274	—
Laundry	7,161,000	130,653	55	119,863	32
Gas	17,278,000	83,531	208	74,967	75

* Including Excise Duties.

competitive wage price is it possible to pay rent, interest, profits, establishment charges and all other expenses. Towards these expenses, the individual building wage slave contributes every year the sum of £25 ; the iron and steel worker, £36 ; the shipbuilding worker, £24 ; the engineer, £41. More striking are the figures dealing with such necessities as clothing, boots, cottons, woollens and linens. Here the average wage is decidedly low,

largely owing, it appears, to the presence of the competition of the industrial woman worker. Yet, low as these wages are, it will be observed that the industry returns very much the same surplus value as do the more highly paid trades. Thus we discover that low wages are not really due to bad trade, but to the ability of the purchaser of labour power to exact surplus value. A laundress earning £55 annually, pays £23 from this amount for the upkeep of her employer's establishment. From the commercial standpoint (and the standpoint, that is, of surplus value) there is practically no difference in value between the combined labour of an equal group of laundry women, building employees, and shipbuilders. Thus it is evident that profits really spring from the regular employment of large masses of wage slaves, no matter of what kind.

Second: The unequal wages paid to different trades yielding equal economic value is clearly an inequitable outcome of the existing wage system and calls for instant remedy. But it is certain that no immediate remedy is possible during the continuance of the present industrial system, because the capital invested in the various trades has been advanced on the implied understanding that wages shall not be raised at the expense of dividends. The return on capital must approximate in all industries.

Third: So far as the productive processes are concerned, it is evident that there is no economic justification for the categories of rent, interest and profits, providing that organised labour (in guilds or otherwise) undertakes, and is able, to maintain productive output and efficiency at, at least, the same standard now obtaining. We do not think it will be difficult to show that a better economic organisation of labour power would greatly improve upon the present system of capitalist exploitation. In the meantime, the conclusion is irresistible that, consistent with the maintenance of rent,

interest and profit, at their present rates, the employing class can make no further additions of any consequence to real wages. We have, in fact, reached the breaking point. Either surplus value must be reduced (which is impossible under capitalism) or wages must be stereotyped at their present low average. It is for the Labour army to decide whether it shall remain for ever servile, or whether it shall absorb rent and interest, and by means of guild organisation undertake the functions of the present employing class and thereby become entitled the economic rewards.

Fourth: There are probably fifteen million employees engaged in wealth production or wealth distribution. But we find from this table that less than seven millions are directly engaged in production. It will be necessary to inquire how far guild organisation can economise on distribution. If we put the cost of production at 100, it will be found that the ultimate cost to the consumer varies between 140 and 220. Economic distribution is necessarily an integral charge upon production. How much of the existing system of distribution is uneconomic? That remains to be seen.

We do not attach much significance to the problem so often discussed whether we suffer most from over-production or under-consumption or any variation of this irrelevant conundrum. But we draw two deductions from the returns before us of the Census of Production: (*a*) That any considerable increase in production would necessitate a correlative increase in the number of productive workers; (*b*) that our capacity for increased production is only limited by our supply of raw materials and labour power. As, with one or two exceptions, there is yet no dearth of raw materials, it becomes an extremely important issue whether organised labour, obtaining command of industry by declining to sell itself for wages, and reorganising its forces, would not find it

desirable to draft at least two more millions of workers into productive occupations, either from uneconomic distribution or from the underemployed or unemployed. It would probably be one of the first tasks undertaken by a plenary conference of guilds.

Fifth : In view of the fact that there are nearly seven million wage-earners occupied exclusively on production, and as there are fewer than three million trade unionists, more than 200,000 of whom are distributively engaged, it is evident that the first step in the reorganisation of the labour forces must be such a change in the terms of membership as shall enable each union to embrace every employee in its particular trade. In this connection it is important to note the apparently excessive number of employees assigned to the administrative side of production—foremen, clerks, and the like. In the building section there are no less than 37,000 ; the iron and steel factories have 14,000 ; shipbuilding yards, 9000 ; engineering shops, 39,000 ; clothing, 50,000 ; boots and shoes, 9000 ; printing and bookbinding, 16,000 ; bread and biscuits, 13,000 ; cocoa and confectionery, 6000 ; timber, 8000 ; furniture, 8000 ; laundries, 11,000. Would it be necessary in these trades, under a guild system, to maintain an army of 220,000 men who do not to-day rank as wage-earners, but as overseers of wage-slaves ? No doubt a considerable proportion of these are of economic value, such as the scientific and technical contingents, but, as a class and having regard to their numbers, they certainly constitute a problem demanding serious thought. For example, how many of them are slave-drivers, pace-makers—the drill sergeants of the capitalist organisation ? And what is to be the attitude of the reorganised trade unions towards them ? A thoroughly cordial one, we trust ; for these men are just as much the product of their economic environment as are the wage slaves themselves.

Now the first general conclusion that springs to the surface, from an unbiased consideration of these facts, is that the work involved in reorganising industrial society is an industrial and not a political task. The term "politics" has, in these later days, a special and narrow connotation. No doubt, to speak broadly, a man who occupies himself with the transformation of industrial society is engaged in political action. In that sense the Syndicalists are politicians, none the less so because they spend half their time in disavowing politics. But custom has rightly ordained that politics is an affair of State, the pursuit of problems relating to the community as a State and without particular regard to its economic structure. Thus, a politician is one who devotes himself to that category of questions which may suitably be dealt with by Parliament. Experience has taught us that the parliamentary function has practically no relation to production and distribution of wealth. It concerns itself with the conditions surrounding men in the pursuit of their industrial work; it may by laws touching the public health favourably or unfavourably affect industrial work; it may even specify the hours of labour a man, a woman or a "young person" can work; but it cannot, from without, abrogate the actual industrial system, because it did not create it. Indeed, as we have repeatedly shown, it is largely the creation and not the creator of the industrial forces. In the accepted and proper use of the term, economics dominate politics, and, in consequence, politicians are economically impotent. During the past decade a school of Labour politicians has arrived which has sought to convince the wage-slaves that the conquest of political power is a condition precedent to the conquest of economic power. We now know that the economic power of labour, as indicated by the decline in real wages, has systematically decreased with the increase in political

labour activity. For every Labour Member of Parliament there has been a corresponding loss to labour of at least a million sterling annually as measured by the fall of real wages.

The work, then, that lies before us promises to be infinitely more fruitful than those barren political enterprises for which we have paid so dearly. Is there any man or woman who, realising the meaning of the industrial problem presented by the foregoing table, is so bereft of imagination that he cannot perceive how immensely beneficent an industrial campaign must be? The plain truth is that the capitalist exploitation of labour by means of the wage system has led to the most frightful disorganisation. Take, for example, our estimate of the average annual wage as set out above. We have allowed in every case, with one exception, for two weeks' unemployment every year. But look at the actualities as disclosed by the balance-sheets of the trade unions. In 1910 the building unions spent £113,635 on unemployed benefit, or 28·9 per cent. of their annual expenditure; the miners spent 18·1 per cent.; the engineers and shipbuilders spent £213,893, or 22·4 per cent.; the textile unions, £170,434, or 56·2 per cent.; the clothing unions, 19·1 per cent.; the printers, 43·9 per cent. Do not these figures disclose the failure of the employers to run their businesses successfully in the interests of the nation? Is it not high time that Labour should refuse thus to maintain the reserves of employment out of its exiguous wage? We have already quoted Mr. Binney Dibblee to the effect that the maintenance of labour reserve is a reasonable charge upon the employers. But we now see that rent, interest and profits, in demanding their pound of flesh, have at the same time refused to maintain their victims, even while the flesh was growing again. Anybody may do this for them—the trade unions, private charity, the State; but the capi-

talists will not do it themselves. No vindictive attack upon the propertied interests need be considered—the situation is far too serious to be governed by low motives—what we must understand is that Great Britain is faced with a crisis so terrific, so far-reaching, that unless she grasps its true significance, her economic decline is inevitable. We do not deny that she might conceivably go far on the purely material plane by frankly adopting the policy of the servile State and by deliberately compelling the mass of the population to pass into standardised and irremediable wage slavery. But, apart from the fact that no nation can exist "half-slave and half-free," we believe that slavery, economic or psychological, is so repugnant to British thought and habit, that when the Labour army wakes up to the realities it will sweep away the wage system and itself undertake the industrial work of the country.

III

AN OUTLINE OF THE GUILD

THERE is no mystery attaching to the organisation of the Guild. It means the regimentation into a single fellowship of all those who are employed in any given industry. This does not preclude whatever subdivisions may be convenient in the special trades belonging to the main industry. Thus the iron and steel industry may comprise fourteen or fifteen subdivisions, but all living integral parts of the parent Guild. The active principle of the Guild is industrial democracy. Herein it differs from State Socialism or Collectivism. In the one case control comes from without and is essentially bureaucratic; in the other, the Guild manages its own affairs, appoints its own officers from the general manager to the office boy, and deals with the other Guilds and with the State as a self-contained unit. It rejects State bureaucracy; but, on the other hand, it rejects Syndicalism, because it accepts co-management with the State, always, however, subject to the principle of industrial democracy. Co-management must not be held to imply the right of any outside body to interfere in the detailed administration of the Guild; but it rightly implies formal and effective co-operation with the State in regard to large policy, for the simple reason that the policy of a Guild is a public matter, about which the public, as represented by the State, has an indefeasible right to be consulted and considered. It is not easy to understand precisely

how far the Syndicalist disregards the State, as such; nor is it necessary to our task that we should make any such inquiry. For ourselves we are clear that the Guilds ought not and must not be the absolute possessors of their land, houses, and machinery. We remain Socialists because we believe that in the final analysis the State, as representing the community at large, must be the final arbiter. We can perhaps make our meaning clear by an analogy. Suppose Ireland, Scotland and Wales to be self-governing bodies, but all subject to the Imperial Parliament, in which by that time we would expect all the self-governing Colonies to be represented. Assume it to be necessary for the Imperial Parliament to levy contributions upon its constituent units. So many millions would have to be collected from England, so much from Ireland, Scotland, Wales, Canada, South Africa and Australia. The amounts would be agreed upon by a representative Imperial Parliament, but the methods of levying the tax would rest with each self-governing group, who would not tolerate any external interference. In this sense the Guilds would have large communal responsibilities, upon which they must agree with and often defer to the public; but those responsibilities once defined, the industrial democratic Guild, by its own methods and machinery, will do the rest.

We thus are partly in agreement with the State Socialist or Collectivist, who believes in conserving the State organisation and reserving to it certain functions, which we shall hereafter endeavour to define; but we are also in substantial agreement with the Syndicalist, whose real contention, after all, is that the work men do they shall themselves control, being, through their unions, their own economic masters. Nor can we see that Syndicalism reasonably interpreted excludes the possibility of a purified political system concerning itself with the national soul.

But the recognition of State organisation and State functions does not invalidate our main contention that economics must precede politics. On the contrary, it strengthens it. The difficulty with modern statesmanship is that it has to spend its strength on ways and means when it ought to be doing far greater work. It is like a scientist or an artist who is perpetually distracted from his real work by domestic worries. Remove from statesmanship the incubus of financial puzzledom and it may achieve glory in the things that matter. And in all human probability a finer type of politician will be called into activity. Financial considerations corrode politics as effectually as they do the individual worker. Now, if the Guilds are in economic command, if, further, their labours exceed in results the present wage system, it follows that they will not be miserly in devoting all the money that is required for the cultural development of the community. The Syndicalists tell us that the unions can do this better than the State. We are emphatically of opinion that a totally different type of administrator from the industrialist is required for statesmanship. The one type is rightly a master of industrial methods, the other is of disciplined imagination and spiritual perceptions. The fine arts, education (including university control), international relations, justice, public conduct—these and many other problems will call and do call (in vain nowadays) for a special order of intellect, and must be susceptible, not to the particular influence of the Guilds as such, but to the influence of what Arnold called the best mind of the community.

At the outset, the most important task of the Guilds will be the industrial reorganisation of society upon the basis of mutuality : in other words, the abolition of the wage system. This will carry them far. It involves the final solution of unemployment. Every member of the Guild will possess equal rights with all the others,

and accordingly will be entitled to maintenance whether working or idle, whether sick or well. Further, it will be for the Guilds to decide, by democratic suffrage, what hours shall be worked and generally the conditions of employment. All that mass of existing legislation imposing factory regulations, or relating to mining conditions, to the limitation of the hours of work (legislation which we have previously described as sumptuary), will go by the board. The Guilds will rightly consider their own convenience and necessities. It may be discovered, for example, that times and conditions suitable to the Engineering Guild will not suit the Agricultural Guild. Legislation attempted from the outside would in such an organisation be regarded as impertinent. Even the existing old age pensions would be laughed to scorn as hopelessly inadequate.

The Guild then would supplant the present capitalist class on the one hand; on the other, it would assume, instead of the State, complete responsibility for the material welfare of its members.

Inheriting the direction of industry from the present private employer and capitalist, the Guild must be able more efficiently to produce wealth and more economically to distribute it. This involves the closest intimacy and co-operation with all the other Guilds. The work of the community could not be done by the Guilds in isolation; each must be in constant and sympathetic touch with the Guilds that supply them and the Guilds that distribute their products. There is no room here for any policy of dog in the manger. The Guild must never be allowed to say: "These things are ours." They must say and think: "We hold this machinery and these products in trust." They must not exist to accumulate property; their moral and legal status must be that of trustee. Thus there must spring out of the Guilds some form of

joint management, not only with the other Guilds but with the State.

The abolition of the competitive wage system implied in the organisation of the Guild necessarily carries with it the abolition of all distinctions between the administrative and working departments. It therefore follows that every type and grade of worker, mental or manual, must be a member of the Guild. The technical man, for example, must look to the Guild to give effect to his inventions and improvements, whereas formerly he looked to his employer or even to some outside capitalist. It will be to the interest of all his fellow members to insist that whatever improvements he may suggest for the increase of production or the decrease of manual toil shall be given a thorough trial. No longer will he be regarded as dangerous to the employees who, as competitive wage slaves, feared that his inventions might mean dismissal and starvation. The essence of Guild life is in its unification of economic interest and purpose.

There can be no doubt that the tendency inside the existing wage system is to level wages. The old distinction between skilled and unskilled is rapidly being dissipated, both by the development of machinery and the economic pressure exerted by foreign competition, and the increased price of money. With this tendency we have no quarrel—on the contrary, we welcome it. But this wage approximation has as yet hardly touched the rent of ability still more or less willingly paid to those in the upper reaches of the administrative hierarchy. That they will finally find their true economic level is certain. Meantime their services are rightly in demand and their remuneration is assured. Even if the process of wage approximation goes much further than we now foresee, it is nevertheless inevitable that graduations of position and pay will be found necessary to efficient Guild administration. We do not shrink

from graduated pay; we are not certain that it is not desirable. There will be no inequitable distribution of Guild resources, we may rest assured; democratically controlled organisations seldom err on the side of generosity. But experience will speedily teach the Guilds that they must encourage technical skill by freely offering whatever inducements may at the time most powerfully attract competent men. There are many ways by which invention, organising capacity, statistical aptitude or what not may be suitably rewarded. It is certain that rewarded these qualities must be.

Broadly, then, this is an outline of the Guild as we conceive it. Every succeeding chapter must be devoted to filling in the details.

But we are not building Guilds in Spain; ours is not the Utopian adventure of the dreamers of yesterday. We are writing under the conviction of extreme urgency; we believe that the organisation of industrial society here roughly sketched out is the only practicable way to save the workers from wage slavery and psychological servility. We are not travellers from Altruria; we live and move amidst the sordid realities of the existing wage system. Our plan is for to-day that we may prepare for a better to-morrow. The conception of Guild organisation is not new. Twenty years ago it was common talk amongst the more far-sighted Socialists, and it would have been practical politics a decade ago had not the thoughts and activities of Socialists drifted away into the barren desert of conventional politics. Never again will that mirage lure us from our path; never again will we waste our efforts hunting the snark for the aggrandisement of shallow-minded Labour nonentities who dream of a political career; never again will we fail to remind Socialists that Socialism is an economic scheme and only to be achieved in the economic sphere. The particular industrial organisation which we call Guild Socialism

is the only plan by which we can practically realise industrial democracy.

It is, indeed, practicable; but practicable only so far as the Labour army wills it. And because it is so practicable we do not hesitate to set out in all its nakedness the one great obstacle that bars the way. We have made it plain, we think, that the Guild must be absolutely comprehensive in its membership—like the sun, excluding none. Nevertheless, the nucleus of the future Guild must be the trade union. In our chapter, "The Transition from the Wage System," we emphasised the necessity of the trade unions throwing down their barriers and widening their borders so that everybody could come in. This is to-day the most important and most urgent thing to be done. Let us see what is involved. Again, let us examine the actual industrial organisation of production so that we may understand how far trade unionism has to travel. We here set out some particulars as to personnel:

Trade Group.	Persons Employed.	Wage-Earners.	Trade Unionists.
Building and Contracting .	513,961	476,359	155,923 (68 Unions)
Mines and Quarries . .	958,090	939,515	729,573 (84 Unions)
Metals, Engineering and Shipbuilding. . .	1,426,048	1,330,902	369,329 (211 Unions)
Textile Trades . . .	1,229,719	1,189,789	379,182 (273 Unions)
Printing, Paper, Bookbinding and Allied Trades .	317,550	279,626	73,939 (38 Unions)
Clothing Trades . .	645,233	552,165	67,026 (40 Unions)
Woodwork and Furnishing Trades.	224,098	210,407	38,836 (91 Unions)

These representative figures might easily be extended to include all our industries, but surely those given suffice. Is it possible to censure too severely the group of labour-politicians who have deliberately drawn away the trade unionist from his true business of organising labour and led him a fool's dance through the political quadrilles? We are sometimes blamed for our bitterness towards the political Labour Party. But indeed what we have written is mild compared with what we think and feel. Wages falling, falling, falling; the workers helpless in such a mess of wretched disorganisation—over 800 trade unions in the seven trade groups cited above—and men claiming to represent these hapless wage slaves complacently sunning themselves in the fashionable purlieus of Parliament. It is desertion in the face of the enemy. Compared with these men Bazaine of Metz was a demigod.

Yet, in sober truth, the situation is not so desperate as it looks. Consider, for example, the labour spent in organising no less than 800 unions in seven different industrial groups. Wisely inspired, how much easier would it be to-day to extend the membership of seven large unions? These small unions were the product of their period and environment. Economic development has left them temporarily in a back-water, but the necessities of wage slavery are now rapidly welding together these unions into federations, whilst a sense of urgency is spreading through the ranks concurrently with the growing realisation of the futility of politics. It is now the first and almost the only duty of every trade unionist to forget old associations and alignments and to work steadily towards the ideal of one union for each industry and every eligible worker in it.

We look confidently for the rise of a young group of trade unionists who will understand the necessities of the case and forswear a political career, or, indeed

any career outside their unions. The day of the political obscurantists on the make has almost closed in its appropriate darkness. Certain it is that these young men are now all that stands between the existing wage-system and its crystallisation into hopeless permanence.

IV

A WORKING MODEL

HAVING sketched the outline of a Guild, let us examine how it applies in practice. Hitherto we have discussed the manufacturing or productive industries. It would have been easy to have taken one of them for a working model, but it will, we think, prove more interesting to widen our survey and to examine the transport industry. Transport is obviously an integral part of production, involving the movement of raw or semi-raw materials in the first stage and the distribution of the finished product in the third stage. Economical transport, under capitalistic competition, is obviously of the highest importance. In all the industrial countries a fierce fight has waged between the manufacturing and the transport interests. This has been particularly the case in America, where the great railway systems have concerned themselves with the development of virgin territories and have levied excessive tribute. American politics have largely raged round transport. The great American railway systems have dominated Western politics for two or three generations, and afford ample proof of our contention that economic precedes and determines political power. The novels of the late Frank Norris, particularly the first of his trilogy—*The Octopus*—accurately describe the tremendous power held by the railway interests. Even in the Eastern States this power is still exerted although counterbalanced

to a large extent by the manufacturing interests. Roughly, American railway policy has been to charge the heaviest possible freight rates that the industries can bear. Their rates have steadily advanced with the increasing prosperity of the territory in which they operate. In Great Britain the railway companies have not exercised quite the same sovereign powers. In the nature of the case they could not do so, because they arrived on the scene after the manufacturing interests had established themselves. Nevertheless, the British railways have contrived to do remarkably well; their capital has been "watered" and dividends are to-day paid upon inflated capital values. The movement for the nationalisation of railways has by no means been confined to Socialists, many Chambers of Commerce having declared in its favour. But capitalist solidarity has asserted itself. The Birmingham Chamber of Commerce some years ago was on the point of passing a resolution in favour of nationalisation, when Mr. Arthur Chamberlain intervened. "Gentlemen," said he, "shall dog eat dog?" Many manufacturers, smarting under railway exactions, would gladly see the railways nationalised, but they realise that nationalisation might not stop at railways. So they bear the ills they have rather than fly to others that they know not of. The German nationalised railways have in many ways subserved the interests of German industries, especially in the way of through freights from German manufacturing centres—Solingen, for example—to oversea ports. There are a thousand anomalies that have arisen in England in consequence. A Birmingham hardware manufacturer some years ago found it cheaper to ship his goods first to Solingen and thereafter to South Africa. By this means he evaded the depredations of the shipping rings.

But the wage system presses as harshly on the French and German nationalised railways as on the capitalistic

English lines. From the wage slave's point of view, the one is as bad as the other. Indeed, strangely enough, the privately managed British companies pay better wages and give better conditions than the German and French national systems. The nationalised French lines are to-day seething with discontent.

The reason is not far to seek. The nationalised railway has to pay interest on the purchase money precisely as do the private companies, whilst it has been abundantly proved that bureaucracy, in the accepted meaning of the word, is more incompetent than the Board of Directors with their more elastic methods.

The wage slave, therefore, in passing from a capitalistic to a nationalised railway system merely exchanges King Stork for King Log.

From these facts we deduce two conclusions :

(1) So long as the investor has a first charge upon the assets or the profits, wage slavery must continue.

(2) Bureaucracy being incompetent and private capitalism oppressive, it follows that the only way out is the adoption of industrial democracy, as expressed in the Guild.

Let us then see how a Transport Guild would grow out of the disorganisation, chaos and wage slavery of existing arrangements.

According to the Census of 1901, there were engaged in the " conveyance of men, goods and messages (excluding merchant seamen abroad)," 1,497,629 employees. The 1911 Census will doubtless show an increase commensurate with the general increase of population, but the figures are not yet available. Roughly, then, the Transport Guild must comprehend a membership of 1,500,000. How far towards this total do the transport unions go ? We shall quote the names of the various transport unions together with their membership at the end of 1910. It would be simpler to quote the

sum total, but mention of the various unions gives an excellent bird's-eye view of the sub-divisions possible in the Guild, as also of the practical complexities of organisation:

Amalgamated Railway Servants	75,153
Belfast and Dublin Drivers and Firemen	386
Associated Locomotive Engineers and Firemen	19,800
United Pointsmen and Signalmen	3,790
General Railway Workers	7,284
Railway Clerks of Great Britain and Ireland	9,476
Edinburgh and Leith Cab Drivers	212
London Carmen	5,690
National Amalgamated Coal Porters	1,535
Amalgamated Tramway and Vehicle Workers	17,076
Amalgamated Carters, Lorrymen and Motormen	3,995
United Carters of England	2,839
Wigan and District Carters and Lorrymen	146
Halifax and District Carters	359
Newcastle Tramway Workers	388
Limerick Carmen and Storemen	890
South Shields Steam-Tug Boatmen	205
Wear Steam Packet Trade Society	90
Tyne Steam Packet Prov. Society	638
Hull Seamen and Marine Firemen	511
Monkwearmouth Steam-Tug Prov. Society	51
National Sailors and Firemen	12,000
Marine Engineers	7,000
Tyne Steam Packet Prov. Society (Newcastle)	153
Tyne Fogboatmen	105
National Ships' Stewards, Cooks, Butchers and Bakers	3,624
Tyne Watermen	387
Watermen, Lightermen and Watchmen of the River Thames	2,324
Weaver Watermen	328
Amalgamated Foremen Lightermen (Thames)	248
Upper Mersey Watermen and Porters	1,200
Mersey River and Canals Watermen	181
Manchester Ship Canal Pilots	34
Greenock and Port-Glasgow Rafters	36
Amalgamated Stevedores	4,225
Greenock General Porters' Labourers	218
Montrose Shore Labourers	20
Dock, Wharf, Riverside and General Workers	18,240

Cardiff, Penarth and Barry Coal Trimmers and Tippers	1,450
Mersey Quay and Railway Carters	5,083
National Dock Labourers	14,253
Labour Protection League	2,500
Great Grimsby Coal Workers	80
Grimsby General Workers	516
Limerick Harbour Employees	40
Greenock Dock Labourers	162
North of England Trimmers and Teemers	1,684
Dunstan Trimmers	176
Irish Transport and General Workers	5,011

Altogether in 1910 there were 59 transport unions, with 1947 branches and a membership of 242,270. That is to say, rather less than one in six of the transport employees was enrolled in the unions.

At the first glance it would appear that this list of transport unions is a tedious narration; but those who possess imagination will understand the importance of thoroughly realising the romantic panorama of human effort involved in the "conveyance of men, goods and messages," and the work necessary to the formation of the Guild. First and foremost is the work of unification. These fifty-nine unions have each their official staff—their president, treasurer, organiser, secretary, branch secretaries, each according to its numerical strength and territory covered. Many of these unions are kept isolated by the self-interested intrigues of these vested officials. Moreover, special agreements with employees play a not inconsiderable part in the conscious or unconscious policy of the employers, who connive at the multiplication of unions on the principle of divide and conquer. But the growing enlightenment amongst the rank and file, coupled with an increasing appreciation of the united interests of the transport workers as a whole, will undoubtedly produce consolidation in the near future. This process, indeed, goes forward apace. Since 1907 four transport unions have been amalgamated

with larger ones, whilst twelve unions have dissolved, their members joining other unions. The recent railway and dock strikes have taught the lesson of inter-union solidarity.

Now let us attempt to visualise the whole transport army enrolled in one organisation and controlling the national "conveyance of men, goods and messages." Here we have the Guild ready to start operations. What will it do?

It must do two things concurrently: (1) It must undertake the transport duties demanded by the nation (that is, by the other Guilds), and do the work at least as efficiently and economically as it is done to-day; (2) it must maintain and protect every member it has enrolled.

It is the maintenance and protection of the Guild members that really constitutes the social revolution now rendered urgent by the failure of the present industrial system to maintain and protect its wage slaves. Here then we reach the practical issue of the abolition of the wage system. The fundamental distinction between Guild control and private capitalism is that, whereas the latter merely buys labour power as a commodity, and at a price (known as wages) which will yield the maximum rent and interest, the Guilds co-operatively apply the human energy of their members, render themselves and their members independent of capitalist charges, and distribute the proceeds of their members' labour amongst their members without regard to rent or interest. Competitive wages, in fact, are abolished and, in consequence, there is no surplus value or fund available for the private capitalist. No wages to yield surplus value, no rent; no wages, no interest; no wages, no profits.

Once a member of his Guild, no man need again fear the rigours of unemployment or the slow starva-

tion of a competitive wage. Thus every transport worker, providing he honestly completes the task assigned him, will be entitled to maintenance—a maintenance equal to his present wage, plus the amount now lost by unemployment, plus a proportion of existing surplus value—that is, plus his present individual contribution to rent and interest; and, finally, plus whatever savings are effected by more efficient organisation. He will not, therefore, receive wages (as we now know them), because he will receive something much greater —possibly three times greater—than the existing wage standard.

After all, maintenance is not the only consideration in life. There is a protective influence emanating from powerful organisations very precious to the individual and to society. The Chinese Guilds understand this. Some of them are so powerful that they will redress their members' grievances even to the ends of the earth. Nothing could be further from our thoughts than any melodramatic interpretation of such a simple proposition, even though we can easily foresee a rich field for future novelists in the application of this principle. But in sickness and old age the transport worker must be protected by his Guild; in distress he will look to his comrades for succour, probably to the Guild itself. In short, the Guild must be a fellowship as well as an economic organisation. Just as the German student belongs to his corps, looking to it for social help and companionship, so the transport worker will belong to his Guild, drawing out of it not only maintenance, but fellowship. This is what we meant in the last chapter when we remarked that the guilds would make themselves responsible for old age pensions, insurance, and sick benefit, and *much else*.

In its proper place, we shall discuss the actual economic working of the Guilds, how they will arrange their

work, and how distribute the wealth they have created. It is reasonable and just, however, to assert that the Guild members, in return for moral and material benefits so infinitely in advance of existing conditions, must put all their brain, muscle and heart into their work. Work! To-day the transport worker does not work, he toils—and toil is the most wasteful process known to modern civilisation.

We have, then, 1,500,000 workers engaged in the transportation of men and merchandise, and banded together to ensure a corporate return of their share of the national wealth. Observe, please, that it is not a question of making work; it already exists, waiting to be done. Assuming the entire willingness of the members to undertake their several tasks, the most important problem is efficiency. That means discipline, and discipline involves a hierarchy. From this set of conditions there can be no other conclusion. Democracy is not anarchy; and industrial democracy implies democratic control of industry. This means, therefore, the democratic appointment of the hierarchy. The present general managers of the railways are appointed by shareholders in the interests of the shareholders; the future general managers must be appointed by the Guild in the interests of the Guild. Inasmuch as the Guilds are public institutions and not profiteering corporations, it follows that these appointments are also in the public interest. Nor need we shrink from the further conclusion that the appointment of a hierarchy involves a suitable form of graduated pay. As, *ex hypothesi*, there is now unity of interest, the managers, sub-managers, foremen, and whatever other grades there may be, have no interest to serve save those of the members who have appointed them. In this connection, we pin our faith to the democratic idea without reserve. We believe the workman is the shrewdest judge of good work and of the

competent manager. Undistracted by irrelevant political notions, his mind centred upon the practical affairs of his trade, the workman may be trusted to elect to higher grades the best men available. In the appointment of their checkweighmen, for example, the miners almost never make a mistake. Doubtless injustices will from time to time be perpetrated; but they will be few compared with the million injustices done to-day to capable men who are habitually ignored in the interests of capitalist cadets. Our Transport Guild will probably, in the first place, continue in office all those who are there now, providing, of course, that they join the Guild.

Next to be considered is the distribution of the work. Experience and estimate will indicate that during the next quarter so many million passengers and so many million tons will have to be carried. To that end, there are available so many ships, so many carts and lorries, so many tramcars and 'buses, and so many railway cars and trucks. At the outset there will be obvious economies. Competing ships, competing cars, competing railways will all be regularised so that every available pound of energy will be turned to the most fruitful use.

The estimate as to the value of transport as an integral part of production will be then comparatively simple. The Guilds will necessarily start on the assumption that the standard of life of all the workers must be practically the same, although, in the first instance, there may be some graduation of standard as between Guild and Guild. But assuming some approximation of life standard, probably the easiest way of arriving at value will be by estimating the number employed plus the cost in human labour of the machinery utilised. When this stage is reached, we shall learn the truth of a previous remark of ours that there will be an extraordinary

transvaluation of the meaning both of labour and wealth.

In our last chapter we differentiated ourselves from the Syndicalists by admitting the right of the State to co-management with the Guilds. In the most formal manner, now, we assert that the material of all the Guilds ought to be vested in the State; the monopoly of the Guilds is their organised labour power. Over their labour power the Guilds must have complete control; but the State will be rightly and equitably entitled to a substitute for economic rent. A substitute, we say; not economic rent itself; for economic rent is a product of competitive private ownership. Adam Smith was the first to point out, and Thorold Rogers the first to prove, that rent was originally what we conceive it will be again under Guild Socialism, namely, a tax in return for a charter or licence. It was only when capitalism arose that the tax called rent was raised by successive stages to the competitive rack-rent it is to-day. But how will the tax payable by the Guilds to the State be computed if not by competition? By the needs of the State and the proportionate means of the Guilds. Assume that the estimated national Budget for any following year is £250,000,000. This sum will require to be found by the citizens in their individual or in their collective capacity. But for those individuals who are organised in Guilds, it will, we imagine, be most convenient to tax them collectively, that is, through their Guilds. Thus the Guild would, in each instance, be required to levy on itself on behalf of the State an amount proportionate to the numbers of its members.

Herein we have endeavoured to indicate the structure of the Guild in its main outlines. We are not so foolish as to fill in details, for, with the growth of trade union organisation, practically every detail will change in comparative value and significance. But we are con-

fident that we have stated the case for the Guild with sufficient clearness to warrant our claim that we have pointed the way to economic emancipation and squared the conflicting interests of a State bureaucracy (very rightly the bugbear of every serious democracy) with industrial democracy.

V

INDUSTRIES SUSCEPTIBLE OF GUILD ORGANISATION

It is an easy task to group the various trades into their main industrial divisions; but when we remember that there are 1200 different trades, crafts, and occupations in Great Britain, it is not so easy to apply the same system of organisation to them all. At first sight it would appear to be not merely difficult, but impossible. Nevertheless, it is reasonable to argue that, inasmuch as the wage system applies to all these trades, so also may any new method of remuneration for labour services. We do not propose, however, to argue this point to its extreme limit, because in reality the wage system itself operates arbitrarily. If this be so, it might fairly be urged that the Guild system would also operate harshly and arbitrarily. We shall not, therefore, commit ourselves to any final generalisation until we have discussed the various classes of trade *seriatim*. But we must be guided in our inquiry by some general principle, knowing full well that in the industrial complex there must necessarily be many exceptions to the rule, or divergencies that practically amount to exceptions.

What, then, is this general principle? It is not necessary to sketch here the development of the small into the large industry. Our chapter on "The Great Industry and the Wage System" must suffice. We know that the wage system has crystallised in correlation

with the growing dominance of the large industry. Therefore, as Guild organisation is the inheritor of the labour monopoly from the wage system, the Guild principle must primarily apply to the large industry. Broadly stated, therefore, our general principle is that all industries and trades that obey the law of the economy of large production are, *prima facie*, susceptible of Guild organisation. The Guilds themselves, it must be remembered, are not to be organised on hard-and-fast lines, but to be elastic in their constitution.

The critic may deny that the Guild is destined to supplant the wage system. He may contend that State Socialism is the way out. In our chapter on "State Socialism and the Wage System" we have shown that the continuance of the wage system is inevitable if the State Socialist prevails, since he can only acquire productive and distributive undertakings by payment of a compensation that would bear as heavily upon labour as the present burden of rent, interest, and profits. If, therefore, State Socialism became an accomplished fact, we should find the State bureaucracy spending its greatest efforts in extracting surplus value from labour to pay interest on the State loans. But surplus value itself depends upon the wage system, which, if it be abolished, leaves no ground available for the bureaucrat's obligations to capitalism. It is, therefore, obvious that the wage system is essential to State Socialism. However much one may desire better organisation of industry as a logical satisfaction, our prosaic purpose is the emancipation of the wage slave from wagery. We now know that State bureaucracy is only a higher, or at least another form of capitalism, and cannot therefore set free the wage slave. The Guild, organised to protect labour from both public and private capitalism, is the true equipoise to the State—State and Guild respectively supplying those anabolic and katabolic im-

pulses and tendencies that go to vitalise the national organism. The economic functions of the Guild complement the spiritual functions of the State. But there is no blunder so profound or dangerous as the assumption that the State is or ever can be an economic entity.

No; State bureaucracy stated in wage terms is as oppressive as private capitalism. It is true that it may confer certain minor social reformative privileges, but—such is the peculiar quality of wagery—the wage slave pays for them.

If, then, State Socialism is no solution, what alternative is there save the Guild? Therefore, the Guild is in true economic succession to the wage system; it resolves wagery into its primitive elements; it separates the permanent factors of wealth production from the transitory elements that inhere in the existing industrial system, retaining the permanent and subjecting the impermanent to the fire of moral and economic criticism. Thus we discover that it not only inherits the monopoly of labour, but the monopoly of the products of labour, rent, interest and profits being absorbed in the labour monopoly. That being the case, it finally follows that the Guild becomes the industrial arbiter of the production and distribution of the national wealth.

Let us then take a bird's-eye view of those industries that respond to the economy of large production. How is the Guild to be organised in relation to the existing forms of organisation? Is there to be a Guild for every separate trade and craft following the lines of the present trade unions, or is it preferable to concentrate all the cognate trades into one Guild, with the elasticity appropriate to the variety of the trades affected?

The Census of Production divides industrial Britain into seventeen different groups, including agriculture. (We shall have to consider agriculture apart from the others, partly for the sake of convenience, but mainly

because it presents problems peculiar to itself.) The groups are: Building, mining, iron and steel shipbuilding, engineering, other metal trades, clothing, textile, paper and printing, chemicals, brick, pottery, and cement, food, drink and tobacco, woodworking and furnishing, leather, public utilities, and miscellaneous. But these main groups are sub-divided into 106 trades, representing 6,936,000 employees with a labour output of £712,000,000. Now (excluding agriculture) do we want 16 or 106 Guilds? That is to say, a small number of strong Guilds or a large number of weak Guilds? Obviously, the stronger the Guild, the more complete is the labour monopoly. Not only so, but the stronger the Guild as a whole, the stronger is each of its component parts. Further, the more self-contained is the Guild, controlling every process from the raw material to the finished product, the more efficient must the Guild become. Take, for example, the engineering section. We have seen in a previous chapter that there are 455,561 persons employed in engineering factories and 241,526 in railway construction—roughly 700,000. Here, obviously, is a great reserve of labour strength. But there are 14,144 employed in heating, ventilating and sanitary engineering; 23,455 working at tools and implements; 14,122 on scientific instruments; 19,848 at blacksmithing factories and workshops; these are not included in the 700,000 already referred to. Surely they belong to the same industry? They assuredly depend for their labour upon the general engineering group; and not only for their labour, but largely, if not mainly, for their material. The problem we have to solve is not one of competition, but of combined economic strength—*i.e.*, complete organisation—and convenience. The workers engaged in these trades of comparatively weak numerical strength, bearing in mind that the strong Guild must be their rock and fortress, would naturally prefer affiliation

with the main body of their brethren. Not only so, but men pass easily from one engineering trade to another, without regard to the groupings. An engineering Guild, covering the engineering trades, is undoubtedly the most simple and safe form of organisation.

Take, as another example, the clothing trades. We have in a previous chapter quoted the two main divisions—clothing, and millinery in private employment, 440,664; boot and shoe factories, 126,564. These represent roughly 570,000 employees, a large proportion being women. But there are, in addition, 30,829 employed in making hats, bonnets and caps; 4828 work at glove-making; 5186 at fancy furs; 2016 at hatters' fur; 3593 at artificial flowers and ornaments. Clearly these small trades are part and parcel of the general clothing industry. What chance have they—their personnel is mostly women—of levering up their subsistence to the average level, unless protected and backed by the main army of 570,000, who control the main industry?

So far, then, as these sub-divisions throw any light upon the problem, it is clear to us that the large comprehensive Guild is best. Indeed, we would go further: at least two of the main divisions quoted above should be amalgamated—the building trade with the brick, pottery and cement trades. It seems difficult, too, finally to distinguish between the iron and steel trades, the shipbuilding, the engineering and the "other metal trades." These latter include locks and safes, 7418; galvanised sheet, hardware, hollow-ware, tinned and japanned goods, and bedsteads, 69,700; cutlery, 14,674; needles, pins, fish-hooks and buttons, 13,252; copper and brass factories (smelting, rolling and casting), 20,827; brass factories (finished good), 36,541; lead, tin and zinc, 8194; and one or two others. There is, in short, no valid reason why the metal workers of

Birmingham and Sheffield should not be linked up with the metal workers of Newcastle, Sunderland, Glasgow and Belfast.

But if these numerically large industries easily lend themselves to Guild organisation, and if, further, the large Guild is the best protection for the worker, then the problem of the small unrelated trades must become puzzling and difficult. Let us look, however, at some of them. Cattle, dog and poultry food, 1879. This looks like an agricultural affiliation. Manufactured fuel, 1537. This might go to the Mining Guild. Flock and rag factories, 2375. The Textile Guild might conceivably absorb these. Umbrella and walking-stick factories, 7497. Why not the Clothing Guild? Salt mines and factories, 4511. It is not easy at a first glance to place this trade. Match and fire-lighter factories, 4229. This might go with fuel. Ink, gum and sealing-wax, 1310. Obviously this is related to printing and paper. Laundry, cleaning and dyeing, 130,653. This is certainly a department of the clothing industry. Musical instruments, 10,117. This is a conundrum. Sports requisities, 6374. Toys and games, 2387. Ivory, bone, horn, and fancy articles, 12,592. Perhaps these last four trades might form a small Guild. They cater mainly for amusement. Or, perhaps, these small miscellaneous trades are not susceptible of Guild organisation. But they pay wages. If, however, the wage system is destroyed, and if, further, the Guilds are responsible for sick and old-age maintenance, then the miscellaneous workers would be at a grave disadvantage. Perhaps a miscellaneous Guild might be formed, taking in all those trades that cannot naturally be affiliated to the large guilds. Gold-refining (2188), plate and jewellery (37,997), watches and clocks (5279), although classed as "other metals," are really special and peculiar crafts not closely related, if at all, to the general metal industries.

But, again, it is necessary to remember that they exist by means of wagery, and it is evident that, as the Guilds supplant the wage system, so the wage slave must be affiliated to some Guild—a Guild numerically and industrially strong enough to protect its members. Always there must be the sanctuary of the Guild.

It is important to note that the trades and industries referred to here are all productive. The distributive trades present difficulties of a different character; but, on the whole, of a less complicated nature.

When we originally entered on our study we had no expectation that Guild organisation would prove so comprehensive and pervasive as we now perceive it to be. We thought that possibly the productive and distributive trades that constitute the anatomy of the industrial system would be susceptible of Guild organisation; we thought that the smaller crafts might possibly continue on lines somewhat similar to the present but favourably reacted upon by the improved conditions ensured by the Guild. But as we proceeded we found ourselves compelled to throw upon the Guilds the onus of providing for their members complete sustenance, in good and bad health, in partial or complete disablement, and in old age. It would be a mockery for the Guilds to divide this responsibility with the State, not only because it would establish two labour authorities, which is contrary to the Guild principle, but because we also discovered that the Guilds ought equitably to bear the cost of government. That being so, it would be foolish for the Guilds to hand over, say, £20,000,000 a year to the State for old age pensions and another £30,000,000 for sick benefit, thereby erecting a superfluous machine to do work which the Guild machinery would do much better itself. But if the Guilds assume all economic responsibilities, it follows that they must between them embrace every worker. Therefore, just

as Lincoln foresaw that the United States could not long continue "half-slave, half-free," so Great Britain could not advantageously or morally continue half-guild and half-wage slave. It is certain that the moment the army of wage slaves determines to end wagery, there will be an almost unanimous movement towards Guild formation.

If, then, every occupied person must belong to his Guild, let us see how the occupied population would regiment itself. According to the 1901 census, the number of occupied persons was 18,261,146 out of a total population of 41,458,721. The 1911 returns show a general increase, but the detailed figures are not yet available. These figures, however, will give us a fairly clear conspectus of the problem of organisation that the Guilds must solve.

Class.	Number Occupied.
1. Civil Service—general and municipal	253,865
2. Defence (excluding those abroad)	203,993
3. Professional and Subordinate Services	733,582
4. Domestic Services	2,199,517
5. Commercial occupations	712,465
6. Transit	1,497,629
7. Agriculture	2,262,454
8. Fishing	61,925
9. Mines and Quarries (in and about)	943,880
10. Metals, Machines, Implements, etc.	1,475,410
11. Precious Metals, Jewels, Watches, Games	168,344
12. Building and Construction	1,335,820
13. Wood, Furniture, Fittings and Decorations	307,632
14. Brick, Cement, Pottery and Glass	189,856
15. Chemicals	149,675
16. Leathers, Skins, Hair, Feathers	117,866
17. Paper, Printing, Books, Stationery	334,261
18. Textiles	1,462,001
19. Clothing	1,395,795
20. Food, Tobacco, Drink and Lodging	1,301,076
21. Gas, Water and Sanitary	78,686
22. General and Undefined	1,075,414

Out of these twenty-two groupings we may provisionally adopt our Guild organisations. Classes 4 and 5 would doubtless, on examination, be subjected to considerable revision, whilst Class 2—defence—can hardly be considered a Guild, its units being temporarily withdrawn from the industrial Guilds. But we are not here concerned with any cut-and-dried system, and the outlines as presented suffice for our purpose.

The first conclusion from the foregoing argument is that, whereas the Guild primarily applies to the large industry, it is equally applicable to the small craft, and in equity should include it.

Before we draw any other conclusions, there are certain questions to be answered. These are :

1. Can individuals of unique character or occupation remain outside their Guilds, and, if so, how can they obtain a livelihood ?

2. Can special or nascent trades remain outside, and, if so, how can they obtain labour from the Guilds and upon what terms ?

3. Can the wage system persist in any form ?

4. How can the brain-worker, the publicist, the journalist, the preacher, assert and maintain full spiritual and intellectual liberty, either inside or outside the Guilds ?

The answer to these questions will be found in the next chapter.

VI

INDEPENDENT OCCUPATIONS

THE four questions raised at the end of the last chapter cut down to the roots of individual or group independence. To many minds this preservation of individual independence in industry is so supremely important that they reject any kind of associated effort that seems, however superficially, to restrict individual liberty. They reject trade unionism on the one hand and the trust on the other. Both forms of organisation, they argue, are destructive of individuality. In like manner the whole Socialist movement falls under their ban, because it would seem that the State, operating in the economic sphere, would be as tyrannical, if not more so, than the individual employer. This vigilant concern for individual liberty is the best guarantee of its unimpaired perpetuity. We do not deny that in mass production or distribution there is an ever-present danger that the individual may pass into the machine a unique individuality and come out at the other end a mere type. But that, after all, is not the least of the criticisms that apply to the existing industrial system. There is practically no culture of industrial genius under private capitalism—certainly there is no systematic culture. Given ten distinctive individualities, without means or influence, how many will live to enjoy the full fruition of their faculties? If only one of them "arrives" it is remarkable; yet the private capitalist is quick to

exploit him: "See," he says, "how, under our glorious industrial system, real ability rises to the surface." But meagre though the harvest of genius or special talent undoubtedly is, there is this also to be remembered that probably the nine men who never arrived were spiritually and morally the superiors of the successful tenth. How often, for example, do we hear it said of somebody: "He's a remarkably able man, but much too modest—no push, you know." By "push," in this instance, is meant the capacity to exploit one's fellowmen. Or, again, how often do we hear it said of the successful man: "Yes, he's clever enough, but absolutely without scruple." Or yet again: "He knows how to get the most out of better men than himself." Or, "He was 'cute enough to surround himself with clever young lieutenants." It is not necessary to labour the point, which, briefly summarised, may thus be stated: Private capitalism limits the individual interests and, therefore, necessarily crushes all those faculties of mankind that do not definitely minister to those limited interests. Here we come upon one of the fundamental laws of democracy. No system can be truly democratic unless it calls into activity the full maximum number of faculties inherent in the democracy.

If we examine closely the habits of many of the democratic leaders, we shall find that they utilise democratic machinery to attain to a certain prominence, and then, having secured their position, they consciously or unconsciously imitate their capitalist masters, taking on the colour of capitalist morality, their object apparently being to democratise private capitalism rather than to supplant it both in spirit and substance. Thus the "career" of a political democrat differs only in form from the "career" of a Lloyd George or a Bonar Law. It is not, therefore, surprising that hosts of thoughtful men should watch zealously, if not jealously, lest the

new democrat should prove as great a menace to liberty as the old capitalist. Although we do not share their fears, yet it is essential that the Guilds should so organise that industrial genius and individual capacities and preferences shall be cultivated and not choked.

It is clear, then, that the Guild must be the instrument of emancipation and continuing liberty, and not a new tyranny supplanting the old. Before we can provide for those occupations not amenable to Guild routine let us see what they are.

(i) The profession of ideas, as distinct from the actual production and distribution of concrete wealth. Priests and preachers, artists, craftsmen, journalists, authors would come into this category.

(ii) Inventors.

(iii) Groups devoted to the initiation of new ideas and inventions not yet accepted by their appropriate Guilds.

(iv) Pure scientists and all those who are devoted to original research.

(v) Remaining groups in which the wage system may persist.

We deliberately omit from the foregoing the professions of law and medicine, because these occupations are already Guilds in embryo if not in fact. At a recent medical congress, Dr. R. Rentoul, of Manchester, actually sketched out a Medical Guild on principles precisely similar to those advocated by us, and his proposals appeared to meet with the approval of his colleagues.

(i) Nothing could be more fatal to intellectual liberty and progress than to subject intellectual life to the routine of any human machine. The spirit, like the wind, bloweth where it listeth; to capture it and cage it would be the maddest conceivable enterprise. But we have already transferred from the State to the Guild sick and unemployed benefits as well as old-age pensions.

It follows, therefore, that those standing out of Guild organisation are barred from these and other benefits. A man, therefore, who deliberately leaves his Guild to become a priest, preacher, artist, craftsman, or journalist must depend upon voluntary support of some sort for his maintenance. But his appeal is obviously to a much more opulent circle than is possible to-day, when the vast mass of the population is living at the bare subsistence standard. The increase in consumptive capacity of the Guild workers means presumably that they may purchase those things they need, amongst which, of course, would be access to ideas, to literature, and to such religious observances as they most desire. They can have, in reason, what they want, because they can give economic effect to their demands. Thus the continuance of the religious congregation is rendered more secure, provided the religious principles enunciated appeal to sufficiently large numbers. The dominance of the prosperous deacon or rich church subscriber gives way to the dominance of an enriched congregation. In like manner, there must certainly be an increased demand for works of art, either the originals or fine reproductions, whilst craftsmanship will be at a premium because improved good taste will call for good work, either in architecture, furniture, fabrics, or what not. It is true that, in this sense, the craftsman may find it advantageous to remain inside his Guild because the demand for his work will be greater inside than outside. But being debarred from the economy of large production, and having only one pair of hands, he may prefer an independent life, relying upon his reputation and skill to secure his financial requirements. Nor do we see any reason why he should not combine independence with affiliation to his Guild. Suppose a young carpenter to develop into a carver of high ability. In his early years he has carved for pleasure or experience, but earn-

ing his pay by obedience to the call of his Guild. Gradually his name and fame spread and men give him special commissions—to carve a mantel-shelf, or a chair, or a staircase. What is there to prevent him getting leave of absence from his Guild for a year at a time, but maintaining his membership by paying to the Guild whatever dues may be required for sickness, unemployment, and old age? Such an amount is actuarially easily ascertained. If he finally prefer to go back to the Guild, his vogue having passed, he goes back a valuable man with a valuable experience. In like manner, the preacher may be temporarily released for mission work, in which those interested in the mission maintain him, in due course returning to his Guild and resuming his ordinary occupation. This would probably apply to many Nonconformist sects, but Roman and Anglican priests would probably build up their own voluntary organisations for their maintenance.

The journalist occupies a somewhat similar position. To do good work he must be his own master. The Quakers are probably right in their affirmation that all spiritual ministry should be voluntary and unpaid. It is certain that the spiritual mission of journalism has declined in inverse ratio to the increasing organisation of paid writers and their subjection to the commercial necessities of Fleet Street. The prostitution of ideas—always the greatest crime known to mankind—that prevails in the world of journalism to-day has vitiated our national life to a degree far greater than is ordinarily realised.

Nevertheless, there is much work of a routine character necessary to the proper presentation of news and views. The sub-editor may honourably do his work without regard to the particular policy of his publication; but he may not honourably write a word inconsistent with his own convictions. We therefore find

that journalists may be divided into two kinds—(*a*) those who write what they must, and (*b*) those who write what the public wants. The first division are primarily dependent upon their consciences and must order their lives accordingly ; the second division depend upon their skill. For such skill there will always be a ready market ; but the man who writes in the forum of his own conscience is better circumstanced if he depends for his livelihood upon some other occupation, or upon the patronage of the few.

The true function of journalism under the Guild system, and when the element of profit has been eliminated, is now becoming clear. There is the function of supplying news. The supply of news is gradually becoming the business of the cable and telegraphic organisation. The newspaper—so far as it is a newspaper—entirely depends upon live wires. The journalists, therefore, who act in the capacity of news purveyors, must ultimately find themselves linked up with the wires or the wireless and their future is assured—probably as civil servants.

Now suppose that a côterie of men desire to propagate certain ideas and doctrines — political, social, religious, or technical. They proceed amongst themselves to appoint an editor, to elaborate a policy, to sketch a campaign. They then approach the Printing Guild, give the necessary guarantee, and their "organ" is duly launched. Whether they subsidise their editor or whether he works voluntarily "for the good of the cause," is entirely the affair of those concerned. The point now to be emphasised is that under the Guild system there is ample scope for individual action and for the expression of ideas.

(ii) The question of inventions and inventors is so important that we must devote a subsequent chapter to the whole problem.

(iii) The initiation of new ideas and inventions not immediately acceptable to the appropriate Guilds is important because it is the natural counterpoise to sluggish administration and conservative methods and tendencies. Assume that any particular Guild is doing its work smoothly and successfully. Its animate and inanimate machinery is in good working order, and a sense of contentment pervades the whole membership. But human ingenuity knows no limits, and the inevitable invention looms up threatening a mechanical and economic revolution. Visions arise of practically new machinery being scrapped, of existing practice giving way to new, of a new school entering the sacred portals—in short, a complete *bouleversement*. It is only human that those who are wedded to the old ways should resist—and resist strenuously. Those who are not acquainted with technical discussion can barely realise how vigorously, if not bitterly, a new principle in mechanics can be criticised and opposed. Three recent instances will suffice—the Knight Sleeve Valve in motor-cars, wireless telegraphy, and heavier-than-air flying machines. Take this last instance. For a century it was assumed that man could only travel through the air by means of a gas lighter than air. In due course the heavier-than-air plane was evolved, despite the adverse criticisms of the old school. The young aeronauts have won their victory—such as it so far is. A play recently depicted the bitter struggle of the supporters of iron ships against wooden ships, and subsequently the equally bitter struggle of steel against iron. Industrial history teems with such stories, in their own way far more romantic and fascinating than the stories associated with soldiers, lawyers, and statesmen. The same struggle will be repeated with each great invention ; and we must prepare for it.

The best guarantee we have for future scientific and mechanical inventions and discoveries is that men will

more readily fight for them than for any mere political notions. "Schools of thought" are indeed the sure sign of abiding interest in the important concerns of life. Thus, presuming that the conservative element in a Guild contrive to exclude novel practice or new inventions, it is certain that those who believe in them will not tamely submit. They will instantly form societies to prove their case and provide the means for further experiments. For example, it is easily conceivable that had some Guild been largely committed to "lighter-than-air" machines, it might have rejected any proposal to adopt "heavier-than-air" machines. The young school instantly organises itself; its technical leaders get leave of absence, subscriptions are called up (possibly the Guild itself will subscribe or grant other facilities; it may be conservative, but need not be mean) and practical pioneering has begun in earnest.

It is convenient at this point briefly to indicate how the private members of the Guild could subscribe, either to their churches, their papers, their pictures, their books, or their pet inventions; for that matter, how they are to pay for their groceries, their clothes, or anything else. It is certain that every Guild will be its own bank. Banks, as we understand them to-day, will have become obsolete. Every member of the Guild will every month or quarter be automatically credited with the amount of his pay. He knows approximately what that amount is. Suppose the present monetary system to continue. From time to time he draws ready money for his smaller requirements, leaving a substantial balance standing to his credit. Against this he will draw a Guild cheque, and by means of these cheques he will pay his way.

(iv) The duty of providing for pure science must be considered in a future chapter on Education. Suffice it here to remark that scientific research does not have a

particularly happy time under the existing régime. There is no reason to suppose that a highly-educated proletariat, controlling rich Guilds, will be unmindful of the duty of acquiring knowledge or will be niggardly in providing the means. But the problem carries us rather far afield, because it involves a careful delimitation of the functions and relations of the State and the Guild.

(v) It only remains to consider whether any occupations will remain in which the wage system will persist. We do not know. Possibly certain women's occupations may fall back upon wages. Perhaps domestic service. Perhaps dress-making, which in its higher branches is certainly a craft. We have already remarked that women came into the wage system last, and that they will be the last to leave it. It largely depends upon the women themselves; partly also upon such developments of the marriage system as cannot now be foreseen. It may be that certain miscellaneous industries may continue indefinitely and remain for a generation or more unaffected by the Guilds. It may be that the Guilds themselves, as they slowly grow into mature strength, may find it convenient to maintain outside their membership certain peculiar trades. This was true of the textile trades for many years after the factory system had been established. The home-worker only partially fitted in and was only gradually absorbed. But the main lines of development were pushed forward irrespective of the exceptional cases.

VII

THE TRUST OR THE GUILD

THE protagonists of the coming industrial struggle will be the Trust, the monopolist of capital; and the Guild, the monopolist of labour power. If the Trust succeeds in the subjugation of labour, a servile state is rendered inevitable. Therefore, either the Trust or the Guild must conquer; there is no room in industrial society for both.

There are many misconceptions as to the meaning of the Trusts, their objects and their methods. It is too readily assumed that they exist to kill competition; that by economising the costs of production and distribution they are in a position to undersell and finally ruin any outside competitors. These results may, or may not, accrue; they are not the primary objects. They are, in fact, subsidiary to the Trust's main purpose, which is to regulate capital outlay and secure continuity of dividends. That is to say, the Trust is primarily a financial organisation. This is proved by the fact that, in the first instance, the term "trust" was applied to exclusively financial undertakings. The directory or the London telephone book will show at a glance that even yet "trusts" are financial in their scope and purpose. And we use the word also in the private and personal sense, when we leave our property "in trust," when we execute "trust" deeds, and when we appoint "trustees." A trustee, even if he have the final word

in the policy and affairs of a business or an estate, almost invariably acts purely from financial motives, the administration of the business being left to a manager. Further, trust funds are generally in the nature of debentures, bonds, and other gilt-edged securities ; trustees, when reinvesting moneys are restricted by Act of Parliament to certain specified forms of security. For the payment of dividends, the trusts, whether private individuals or large corporations, depend absolutely upon the labour value added to raw material over and above the wages value — *i.e.*, the surplus value, and exacted out of labour paid for at a competitive price as a commodity. In our second article we have set out the net output per person employed and the average wage paid. The difference between these two must, at all costs, be maintained by the Trust ; it depends absolutely upon the continuance of the wage system to achieve that object. It will be the main business of the Guild to defeat that object by absorbing surplus value and so leaving no fund available for the exaction of usury of any kind. This absorption of surplus value is the kernel of the future economic revolution.

The invasion of industry by the organised Trust is the result of the necessity of the informal Trust to formalise and secure its financial future. It is profoundly conscious of the necessity of maintaining wagery, and, in consequence, the struggle will mainly centre round this problem: whether the Trust can, by adding to the material comfort of the wage slave, outbid the Guild, which in its incipient stages will be faced with practical difficulties of a special character from which the Trust is exempt.

It is therefore of great importance that we should clearly understand the exact working and organisation of the Trust—particularly of the Trust which is informally organised, which cannot be seen, and cannot, therefore, be directly attacked.

The origin of Trust organisation is to be found in the growth of joint-stock operations. In Great Britain, the first purpose of the joint-stock company was to define and limit the interests and responsibilities of partners. As the younger generations knocked at the door of the counting-house, as daughters married, their marriage portions being immediate or contingent interests in their father's businesses, it finally became imperative to give relief to the pressure of ill-defined claims by joint-stock distribution and limited liability. Thus, in early days, the Companies Acts were really legislation to enable partners to arrange their affairs. Even to-day a shareholder sometimes whimsically regards himself as in some sort a partner in the concern in which he has invested. In reality, however, we have travelled a long way from that conception. To the ordinary investor, a company is only a means of earning dividends. How they are earned is no concern of his. He holds his bonds or share certificates ; he cares nothing whether they are brewery shares, laundry shares, land investment, gold mines—what they yield *as shares* is his one and only question. To him, partnership is only a joke.

In this wise there has grown up a vast army of investors who have regard only to the earning capacity of businesses and the market value of their shares. Years ago it was usual to appeal to these shareholders directly for capital, but more recently they have been regimented by the financial houses of London, Paris, Berlin, New York, and elsewhere. So much is this the case, in fact, that it is now practically impossible to float a large amount, whether of debentures or shares, without first greasing the wheels of the financial machinery. This financial machinery is the Trust. Its purpose is purely financial ; the labour that produces its dividends is a commodity which it buys in the open market, which it keeps in disciplined subjection by wheedling,

by starvation, by the police, or, in the last resort, by the army. The extent to which the investors have been organised is scarcely realised by the outside world in general and the Labour Party in particular. Thus, one corporation in London controls over £30,000,000, and has a mailing list of over 200,000 investors, large and small. These investors are carefully classified—some prefer one kind of investment, some another. Some prefer five per cent. bonds; some prefer industrials. One of the largest firms of stockbrokers in London has three lists: the first only buys gilt-edged securities; the second buys reasonably good ordinary and preference shares; the third is speculative—"is fond of a flutter." Transversely, there are lists of investors who specialise in gold mines, breweries, industrials, land development, houses, and so on, down the whole gamut of industry. The French banks have excelled in collecting the savings of the French peasants, who like six per cent. bearer bonds. A good harvest in France is invariably followed by a large number of flotations, both in Paris and London. Practically every London financial house has its branch or agent in Paris. France to-day is even more distinctively than England the money-lender of the world. America and Germany are still borrowers. In this way, either by lending or borrowing (both equally remunerative to the financial houses), a great financial network covers the world. Its organisation is largely informal; it is none the less effective on that account. In America (where it is more highly centralised than elsewhere) it is known as "the money power." To this power principalities bow; it rules the rulers of kingdoms.

The Trust is the operative principle of the money power; its attitude to industry is precisely that of the private investor to the companies whose shares he holds. Economised output and distribution, the elimination of competition (except in wages), the control of sea and

land transit—all these doubtless result from the Trust organisation, but they are one and all subsidiary to the one great purpose of exacting usury and protecting dividends by the enforcement of permanent wage conditions.

In the development of finance, it was ultimately discovered that certain large investors controlled certain industries. Thus, Carnegie and his group controlled American steel, Armour and his group the American canned goods trade, Duke and his group held a big grip on American tobacco. Gradually it became much more convenient and remunerative to group these industries and to capitalise them. In this way were born the Steel Trust, the Wheat Trust, the Tobacco Trust, and half a dozen others. They were primarily banking transactions, the industrial problems connected with them being of secondary consideration. In Great Britain, industrial development, being much older, is in consequence much more complex. Accordingly the Trust, in this country, is not quite so simple or obvious. The Free Traders often contend that Free Trade kills the Trust. As a matter of fact, practically every industry in Great Britain is informally trustified—iron and steel, shipbuilding, textiles, railways, chemicals. The Wall-paper Trust is formally organised, open and unashamed. How, then, does the informal Trust do its work? In two ways: (*a*) by trade associations, where prices or rates are fixed: and (*b*) by interchanging shares and nominating directors. The names of British Trust magnates instantly spring to mind—the late Lord Furness, Lord St. Davids, Sir Charles Macara, Mr. Arthur Keen, Mr. D. A. Thomas, and a score of others. These gentlemen are the British prototypes of the Armours and Carnegies, and, in practically every respect, are far more able and statesmanlike—and therefore more dangerous—than their American colleagues.

The American and British Trust magnates whom we have named have one characteristic in common: they are each masters of their own particular trade. Does not that fact destroy our contention that the purpose of the Trust is primarily financial? If they are men who have mastered their own special industry, does it not follow that they are primarily concerned with the practical administration of their businesses, only calling in finance as it is required? Let us briefly trace the career of one of them. He started by chartering a boat. Next he procured a few shares in a boat. As time went on, he controlled a number of tramp steamers. Next he ordered new boats to be built. He speedily discovered that it paid better to build them himself. Next he found that steel and machinery had to be bought. He saw no reason why he should not share in the profits on the manufacture of steel plates and marine machinery. In the fulness of time he was deeply committed to a dozen different enterprises, all more or less directly connected with ships. He had to buy large quantities of coal. Why not link up with a suitable colliery? So said, so done. But this ceaseless activity called for colossal and associated capital outlay. Therefore we find him reorganising old companies and floating new ones. Gradually he becomes immersed in finance—perhaps even against his inclinations—so that to-day he spends practically all his time in cajoling or conciliating or bullying various groups of shareholders to whom he is morally if not legally responsible. Probably he never enters any of his numerous works; finance claims all his thoughts and energy. Nor is that the end of it. He must go on building ships, for he cannot let his capital lie idle. He cannot face his shareholders with empty hands. Like the daughters of the horse-leech, their cry is "Give, give, give." So when his own particular group wants no more ships, he goes farther afield.

Some Danish, German, Swedish, French, Austrian, or South American company wants a ship, but cannot pay for it in cash. A ship may cost anything from £50,000 to £250,000. "Very good," says he. "I will build you a ship; you may pay me in five per cent. bonds at 90." Next he goes to some financial house, and sells these bonds at 91 or 92. They unload at 95 upon the British or French public, and our magnate has another ship upon his stocks. Finance is his master; he is its servant. It is only so far as the financial market is favourable that he can continue. But he cannot obtain a single farthing unless he can keep intact the wage system, for only out of wages can he pay dividends. So he is noticeably friendly to labour, inaugurates profit-sharing (at no risk to himself), pays bonuses for speeded up work, sits in Parliament as a sound Radical, and finally goes to the Lords in the odour of sanctity and the stench of an election petition. But the outstanding fact is that he has graduated through industry into finance; he is what he is because of his aptitude for finance. He employs hundreds of men who are technically his superior.

Thus we see what a driving, hungry and insatiable master is this money monster. It is here that the Guild must prove its superiority. Why should ship-building, or engineering, or coal-mining, or any other industry depend upon the caprice of finance for its maintenance? Mankind wants these things irrespective of fashions in finance—and in no market do fashions prevail to the same extent as in finance. To-day it may be rubber; yesterday it was nitrates or cycles; to-morrow it may be oil.

If, then, the Guilds can grasp the true meaning of effective demand, disentangling it from finance, how much more efficiently can they build ships, or make boilers or steel plates, than by the round-about and often underhand methods inherent in the present financial

system? We see that the ways of finance are impracticable, clumsy, casual, and tyrannous; industry, organised into its appropriate Guilds, can be practical, expert, orderly and, above all, considerate. Our Trust magnate has to sell his very soul to Mammon to keep going. What is the broad result? On a given year the net output of shipbuilding and marine engineering is £17,678,000, the number of persons employed being 184,557. Is it not evident that the combined credit of these employees, all of them productive units, would suffice to produce £17,678,000? If the Guilds do not realise this elementary fact, let them consult the Wholesale Co-operative Society. But it would not only be the credit of the actual employees; it would be the associated credit of the membership of all the other Guilds in addition.

In this way we come back to our starting-point. Who is economically the stronger—the money monopolist or the labour monopolist? The answer is too simple to need elaboration. Therefore, provided there is no taint of the servile in the mass of the workers, provided their minds are not distracted by the alluring futilities of politicians, provided their imaginations are fired by the vision of economic emancipation, in the great struggle victory will rest with the Guild. The Trust, blown out to the dimensions of a monstrous balloon, pricked by the abolition of the wage system, will collapse, leaving behind the bare value of its framework and its silk cover, now become its shroud.

VIII

THE FINANCE OF THE GUILD

In the preceding chapter we argued that the primary object of the Trust was financial, and that it would be the duty of the Guild to meet effective demand unhampered by the dominance of finance. Is this feasible? Unless the Guild can by its own resources create and distribute its own products, it must necessarily fall back upon the capitalist to help it out. But the capitalist by this time will be exploiting regions beyond the control of Cæsar, and, in any event, he will know that only temporary accommodation will be required. We must, therefore, rule out the private capitalist without more ado. Guild administration associated with private capitalism would be a contradiction in terms. But the banks of to-day are purely capitalistic organisations, buying and selling money for a profit. That being the case, the whole banking system must be transformed.

Let us then inquire what are the financial problems that confront the Guilds.

Firstly, payment must be made for raw material, and particularly foreign raw material. Cotton must be bought in America; corn and wheat in America, India, Russia and elsewhere. Indigo, rice, silk, coffee, tea must be procured from their several countries of origin. In short, the first problem the Guilds must face is our commercial and financial relationship with other countries. For the purpose of this argument we will assume that

Great Britain is the only country that has adopted the Guild system. We have already shown, when discussing "International Relations and the Wage System," how other countries, particularly Germany, France and America, would be compelled to follow our example, because otherwise they would find themselves competing with us handicapped by the excessive burden of rent, interest and profits—a burden that would be felt more in regard to increased productivity, with its consequent greater exchange value, than in regard to existing prices; for, *ex hypothesi*, rent, interest and profits are absorbed in labour, the exchange value of the existing unit not being disturbed. But if, as we suggested in our chapter, "A Survey of the Material Factors," we economise on existing transit and put 2,000,000 more workers to actual production, it would follow that we should have a vastly greater quantity of merchandise to barter with foreign countries, and, in consequence, our exchange value in the world's market would be incalculably appreciated. We have met many serious and well-intentioned men who could not accept Socialism as an operative principle because they could not see how, under Socialism, we could maintain our position in the world's market. So far as State Socialism is concerned, we believe this objection to be fatal. State Socialism predicates the continuance of rent, interest and profits, the compensation (paid in State bonds bearing interest) being equal to the capital value of the expropriated industries, plus increased wages—the bribe to labour, and would accordingly be compelled to add to existing costs the amount of the increased wage plus the less economical administration of the bureaucrat. The equation, therefore, works out as follows:—

Cost of Production under State Socialism = Raw Material + Standing Charges + Rent + Interest + Profits + Increased Wages.

Cost of Production under Guild Socialism = Raw Material + Standing Charges + Pay.

The increased wages postulated under State Socialism would amount to at least £10 per worker per annum; the pay postulated under Guild Socialism need not equal the sum of the existing wage plus the charge exacted by rent, interest and profits.

Therefore, as State Socialism would enter the world's market handicapped by increased cost, our national exchange capacity would be depreciated; but as Guild Socialism would enter the world's market with a decreased cost and an increased output, our national exchange value would be materially appreciated.

Assuming that State Socialism pays an increased wage of £10 a year, and that there are 5,000,000 workers occupied on products for foreign exchange, it would have to procure raw or semi-finished products from abroad with an increased handicap of £50,000,000 per annum—an average increase in cost of 10 per cent. But the Guilds, apart from the decrease in cost induced by greatly accelerated production, could easily reduce cost by 10 per cent.—saved out of rent, interest and profits—and accordingly enter the world's market with £50,000,000 decreased cost of products, plus the increased output.

Bearing these facts in mind, we may now consider how the Guilds will finance the purchase of their foreign materials.

Whatever changes in our monetary system the Guilds may inaugurate at home, it is certain that so long as private capitalism persists abroad our goods sold abroad must be valued at the gold standard. This would, of course, mean only a simple actuarial calculation. If under the Guilds a labour unit produced in one day a quantity equal to x; if under foreign capitalism a labour unit, paid in gold, also produces x, and if the cost of x, calculated in gold were y; then we can immedi-

ately discover the gold value attached to the British labour unit. The Guilds have only to sell x at the price of y or of $y+a$ or $y-a$, as the case may be. If, then, the Guilds buy annually, say, £750,000,000, and sell annually, say, £500,000,000 (the difference being found in cost of transit plus tribute on foreign investments) the whole business is resolved into a simple banking transaction. But the Guilds have already killed the British banking system. How then ?

The answer is simple ; the Guilds must be their own bankers. And the associated Guilds must have their own National Bank and Clearing-House.

Thus, where foreign transactions are concerned, the National Guild Bank will operate on a gold basis and settle all debts with foreign creditors, debiting and crediting the special Guild Banks as occasion requires. At the present time the flow of gold is in Great Britain's favour, so that there will be an ample supply of gold for the purpose. So far, then, as our foreign indebtedness is concerned, the Guilds will be in a strong economic position to meet every demand, and, in consequence, our supply of raw materials and of foodstuffs will be absolutely secured.

When we approach the business of the internal finance of the Guilds, both in their relation one to the other and each to its own members, we are instantly compelled to consider whether the gold standard and the existing monetary system must not be displaced by some more appropriate unit of value. Having abolished wages, and in consequence knocked the bottom out of the fund from which rent, interest and profits are drawn, it becomes evident that labour value has *ipso facto* supplanted gold value. It would therefore be a work of supererogation to persist with a monetary system that has lost all vital relationship to reality. A Guild member obviously does not each week earn £2, 15s. 7½d. ; such a

token or set of tokens would be meaningless. He has, in fact, earned the average equivalent of 24, 36, or 48 hours' work, payable by his own and other Guilds and necessarily valued in time or in labour units based upon time. Beyond all doubt, his work has ceased to be measured by the Old Lady of Threadneedle Street. She, God be thanked, is dead. The object of measuring the wage slave's labour by gold is that the dividends paid out of labour shall be paid in gold. The valuation of labour and the products of labour by a gold standard are obviously the perquisites of the present banking system, and are a fruitful cause of tyranny. The system puts a heavy premium upon gold and a tyrannous discount upon labour. But the peculiar quality of gold is that it is artificially valuable so long as it is a monopoly which the worker is compelled to buy. If it cease to be a monopoly, or if the worker be no longer compelled to use it, its artificial value has disappeared. If, however, the Guilds have a monopoly of labour, they are no longer compelled to accept gold as the measure of labour's value. The banks, representing private capitalism, say: "We will buy your labour and pay you for it in gold." "No," reply the Guilds, "we are not selling labour for wages, paid in gold; we do not want your gold; we propose to apply our labour to raw material; and ourselves or our fellow Guilds will consume the products." After that the price of a gold albert watch-chain would be about tenpence and gold signet rings about three a penny.

Nevertheless, in the early days of Guild Socialism, some unit of value, not strictly a time unit, would have to be reached. For this reason: The different Guilds would probably appraise their labour at differing values. The engineers might still aim at remaining the aristocrats of labour; the scavengers might not be able at once to exact a similar value. Before we reached a democratic equality in the matter of pay (not wages, please note),

there would doubtless be variations in the valuation of the respective trades, an engineer receiving perhaps 100 units per week and a scavenger 60. Suppose, then, that we give a name to our labour unit—let us call it a "guilder"—we reach at once a working basis. The scavenger each week earns 60 guilders, the engineer 100, the cotton operative 75, the miner 90, and so on. Now, whether these guilders are expressed on bits of cheap metal or on bits of parchment is practically immaterial. It is our labour unit and exchangeable through all the Guilds. What, then, would be the *modus operandi*? We have postulated that each Guild is its own banker. But just as our present banks have their several branches, so also would the Guilds have theirs. These branches would doubtless be the counting-houses of the particular works where the Guild members are employed. Now let us follow the fortunes of John Smith, member of the engineering section of his Guild. After a week's work he is credited with 100 guilders. As he is going to a football match, he probably puts five guilders in his pocket. He pays half a guilder for a seat, having purchased an ounce of tobacco, also half a guilder, and possibly had a mid-day meal, say one guilder. He rides home on a free tramcar, and buys his weekly papers at some convenient depôt of the distributive Guild. He enters his house, which is either his own, built for him by the Building Guild, or is rented from the Guild. Meanwhile Mrs. Smith has been making sundry purchases. In due course he receives the bills, and in payment he gives cheques payable at his own branch. Let us suppose that these bills amount to 35 guilders. This leaves 60 to his credit. He does not draw against these 60 guilders because he will want some for his holidays (even though he receives full pay), and he also has his eye upon an exceptionally good piano. Thus week by week he accumulates guilders, and they lie to his credit at his

Guild bank. In this way we perceive that the Guilds will be constantly holding large accumulations of their members' savings. They, of course, pay no interest, because the system of interest has gone with the wage system. But just as the banks lend their customers' deposits to their borrowers, so, in like manner, the Guild banks have always a ready supply of guilders to apply to their improvements and the other transactions of their business.

In some such way as this will the Guilds make their financial arrangements. They will bank the savings of their members, and, through the Guild Clearing-House, they will pay whatever is due to the other Guilds for commodities bought, or receive whatever is due for their own products sold.

The main concern of the Guild will be to ensure real value passing from the labour of the members into the Guild products. But that raises the problem of motive, about which we shall have something to say in a subsequent chapter.

IX

THE INVENTOR AND THE GUILD

THOSE who advocate an economic revolution are often challenged to explain how they would provide for the adequate protection, encouragement and development of inventive genius. This question, coming as it usually does from supporters of the existing order of economic society, implies that the inventor to-day receives adequate reward and appreciation. Nothing could be further from the reality of the inventor's life. The piety of Mr. Samuel Smiles lends some colour to the belief that capitalism treats its inventors generously, whilst the occasional prominence of some inventor whose financial capacity is at least equal to his inventive genius—Marconi or another—also affords opportunity to the capitalist apologist to proclaim the El Dorado that awaits the sane inventor. Nevertheless, it may be confidently affirmed that there is no body of men who are more consistently robbed under modern capitalism than the inventors. For every prominent inventor's name there are thousands of men who have added enormously to the efficient production of wealth, but have been cheated out of the commercial results of their invention, sometimes by downright roguery (for the inventor is peculiarly easy prey), but generally by the working of the financial system which now dominates industry.

But first let us impersonally examine the function of the inventor and the scope of his work.

Occasionally an absolutely novel invention crosses the industrial horizon. It is a sport, the emanation of some unique experience or may be a happy inspiration. In the main, however, inventions are the natural offspring of the inventive and constructive work that has gone before; they are only partially novel—the novel feature is only a detail of the completed invention. Indeed, as often as not, an invention is a combination of well-known factors or a new application of them. New conditions call out new applications of existing practice, and the new invention, therefore, is a social product, subject to suitable reward for the ingenuity exercised. This is recognised by the doctors, who explicitly forbid their order either to patent a new medicinal process, or to keep private its chemical formulæ. Now a doctor who discovers a new cure or devises a new treatment is just as much an inventor as a Marconi or an Edison. Yet he must disclose all the essential features of his discovery, whilst Marconi is permitted to create a new vested interest. The reasons for the medical attitude are significant. In the first place, a doctor belongs to a liberal profession; he is a gentleman by Act of Parliament. He must therefore serve truth first, his own personal interest being subsidiary. He obeys the rule laid down a generation ago by Ruskin: he must at his peril cure his patient first, his fee being relatively of no importance. (Ruskin tried to shame the merchant into acceptance of the same principle, but Manchesterism was too strong for him.) Secondly, it is only by a frank exchange of experience that medicine can fulfil its mission. Thus the individual interests are merged in the larger interests of the Medical Guild. So strongly is this point emphasised by the governing body of the doctors, that advertising is condemned and punished as "infamous." The doctor has learned what he knows from organised medicine; he must give back to the same organisation

any special knowledge which he may acquire. There is yet another reason. Experience is gained at the expense of the public, which not only subscribes to the upkeep of the hospitals where medical students acquire their experience, but submits its flesh and bones to the tender mercies of the medical stripling. In this way has grown up the tradition that the doctor has no right to a monopoly of his acquired knowledge or discovery. His only monopoly is his skill, just as the monopoly of the Guild is its exclusive control of labour power. The medical profession, as a whole, has enormously gained, and not lost, by the denial to its individual members of any legal rights in their inventions and discoveries.

The reasons that govern medical practice in this respect ought to be equally applicable to the engineer, the chemist, or the manufacturer. But their legal status is not that of gentlemen; they belong to the army of profiteers, and are accordingly exempt from the obligations imposed upon the liberal professions. In this subtle way does modern capitalism write itself down as self-seeking and ungentlemanly. But when it turns upon the revolutionist and demands fair play for the inventor, then the retort is obvious and fatal.

It is a commonplace that to-day every inventor is indebted to the labours, researches and inventions of the thousands of his predecessors. Fair play he must, of course, receive; but he is entitled to no monopoly. Even if he devises an absolutely unique invention, novel in every particular, unanticipated in even its minutest part, he has not, even then, any valid claim to a monopoly, for the community has nurtured and educated him, and without the community there would be no effective demand for his product.

It is necessary thus to reduce the claims of the inventor to their true proportion and social worth, because the commercial notion prevails of inflated rewards for

an invention, even if these rewards go to the capitalist who exploits the invention and robs the inventor. In practice, however, the inventor's position tends to be regularised. Thus, the railway companies and large shipyards generally formally retain the right to acquire the improvements of their engineers, in many cases without compensation. In most of the large manufacturing businesses, provision is made for the encouragement and payment of inventive employees. In a large agricultural machinery works in Canada this practice has reached a higher development, an inventing department having been in existence for many years. In this department are gathered together all the inventive and fertile brains of the establishment, their function being to improve existing types of agricultural machinery, or substitute something better. The workshop resembles a chemical laboratory in its arrangement, and particularly in the type of man occupied there. It is the aim of the cleverish young men engaged by the firm to get into this department. The result is that an inventive spirit pervades the whole establishment, and, in consequence, the products of this firm are famous throughout the world. Now in this interesting work a man may experiment for years before producing any satisfactory commercial result, but he is maintained throughout his working years in comfort. The result may be either a greatly improved machine, or a new one. If the inventor employed by this firm received only his regular pay (he shares in fact in his invention) he would have no cause to complain. His time is paid for; he experiments with materials paid for by the establishment; he has the use of very expensive and highly complicated machinery which would be denied to any private inventor; he has the willing co-operation of twenty other men equally inventive and equally concerned for the credit and maintenance of the inventions department. But, how-

ever ingenious may be the results, it is evident that the inventors engaged in this department derive their inspiration from the work and practice of those who have gone before—inspiration it may be from some elderly but inarticulate engineer, or from an observed trick of cleverness or clumsiness of some farm labourer. Inventions are not born out of man's inner consciousness ; they are social products.

In the case cited, the inventor receives consideration and encouragement ; he is probably reasonably happy in his work. But it is unusual treatment for the inventor and by no means indicates the treatment he receives from the community. The inventive gift is almost universal ; men and women in every walk of life are perpetually devising new things. The majority of these inventions are commercially worthless, but often they can be turned to great commercial value. What happens to the inventor if he be in no way connected with a reputable manufacturing concern ? He almost invariably falls into the toils of financial sharks whose only purpose is to extract out of the invention every penny possible, without the slightest regard to the inventor's interests, or the efficient exploitation of the invention. Let us trace the invention from its conception and birth onwards. A. B. conceives it, dreams of it, works at it, and finally completes it. He has spent his resources on working models, on experiments, possibly also on publicity in the appropriate (as often as not the inappropriate) technical journal. The next step is to market it. We have postulated that he has no business connection with a suitable manufacturing house. He accordingly goes to a patent agent, who advises him to protect himself by taking out a patent. To do this he will need a sum of money which may reach as much as £400. A. B. is in despair. " I haven't got it," he tells the agent. " I have spent all my resources on the inventive processes."

The patent agent replies that by the terms of the charter of his society he must not take any financial interest in any inventions for which he acts as agent. "What am I to do?" asks A. B. "You had better see C. D.," answers the agent. A. B. accordingly visits C. D. C. D. examines the patent, remarks that it seems "a good thing," but regrets that he cannot personally finance it. But if A. B. will give him a commission note, he knows of a financier to whom he will give an introduction. They proceed to discuss the terms of the commission note. C. D. says that inventions are a drug upon the market, and, therefore, if business results, he accordingly wants a good share of the plunder. They finally agree upon 10 per cent. A. B. and C. D. accordingly step round to the office of E. F., the financier. E. F. is sympathetic; but he regrets that he cannot undertake to finance any invention unless it is fully protected. If, therefore, A. B. will protect his invention, then they can get to business. Again A. B. is in despair. C. D. comes to the rescue. He thinks that, now that E. F. has consented to take an interest in the invention, his friend G. H. would advance the fees for the patent rights. G. H. is accordingly approached. He, too, is sympathetic. Yes; if E. F. means business, he will be glad to find, say, £500, to pay the fees. But it must be clear to A. B. that he is doing him a most important service, and, as he is not in business for his health, he expects A. B. to give him a half interest in the invention. A. B. is now impotent to refuse, so he assigns one-half of his interest to G. H. The patents are accordingly, after much delay, finally secured. A. B., C. D., and G. H. next go back to E. F., the financier. "Certainly," he says, "it is a good thing; therefore we will form a company of £30,000 capital—£10,000 for you (A. B.) and your group, £10,000 for me for my services in floating the company, and £10,000 for working capital." Thus A. B. receives £10,000, but

he must pay G. H. £5000 of it and C. D. £500. He therefore, by his agreements, is entitled to £4500 out of £30,000. But in a week or two E. F. tells A. B. that he can only find £15,000, and proposes that A. B. shall take shares instead of cash. A. B., being proud of his invention and believing in it, readily agrees.

The company is formed in due course. But E. F. is a smart city man and knows the value of the patent. He nominates his own directors and runs the company. The working capital is speedily exhausted, the company goes into liquidation, E. F. buys the assets (the patent rights mainly) for a song, and A. B. is swindled out of the fruits of his labour.

This process of marketing patents goes on every day of the week in London, Glasgow, Manchester, and elsewhere. Yet the belief is widely prevalent that the inventor is adequately rewarded under the existing industrial system. The history of inventions and patents in Great Britain is a history of derelict inventions and broken hearts.

Now let us visualise the process under the Guild system. Having abolished wages, the motive to extract rent, interest, and profits out of an invention completely disappears and the army of vultures and harpies who live by swindling or squeezing inventors is dispersed. But the economy of labour is the life blood of the Guilds, and they will, in consequence, be compelled to encourage inventors and develop inventions to their utmost limits.

At this point we touch closely upon the psychology of the inventor. To him, the product of his genius (not forgetting that *au fond* it is a social product) is as a newly-born child to its mother. He wants time to nurse it, to perfect it, to work out the developments that inevitably flow from it. If such opportunity be afforded him, he is probably perfectly happy. He is, in reality, a creative artist. The instinct to create is

in him quite as much as it is in the painter (who is also an inventor), or the writer (who is also an inventor), or the musician (who is also an inventor). In their own interests, therefore, the Guilds must make attractive conditions and a happy atmosphere in which the inventor can work. Having proved his mettle, the inventor can look to the Guilds for support, for protection, and for material aid. He will be released from the routine of the Guild work; he will work in a laboratory where there is no stint; he will, on good cause shown, travel to perfect his knowledge and experience of his particular work, and his position will be one of amenity and distinction.

It would be difficult to under-estimate the inventive resources of the British nation. Its people have been for generations trained to practical mechanics. British workshops are crowded with men who will invent and construct practically anything that is required of them. To-day their inventive genius is choked under the incubus of a system that robs them. Not the least happy consummation of the Guild system will be the triumph of the inventor and the conquest of degrading labour by the machine that displaces it—displaces it to its spiritual and material advantage, and not, as to-day, to its further degradation and reduction to the ranks of the unemployed or unemployables.

X

BRAINS AND THE GUILD

WHEN on the verge of any great social or economic change men inquire anxiously how the more precious elements of society will persist or even exist, the doubts and questions thus raised are half instinctive. The problem of the inventor, dealt with in our last chapter, is instinctively felt to be vital, because we all consciously or sub-consciously know that our civilisation largely depends upon the conquest of nature by science and its hand-maiden mechanics. Machinery has already supplanted slave labour in the Occident; and, just as machinery has destroyed slavery, so more perfect machinery is destined to destroy wagery. It is, therefore, natural that men should wish to be assured that a re-formation of society will tend to develop and not to retard production of wealth. So far as the inventor is concerned, we have shown (*a*) that almost universally the products of his labour are social products, the inevitable developments of discoveries and inventions that have gone before; (*b*) that under the existing system the inventor is as a general rule harshly treated and too often deliberately robbed of his commercial rewards; (*c*) that the social consciousness and instinctive sense of safety will, through the Guild organisation of society, be more strongly motived and better equipped to develop the inventive genius of the nation.

Remains then a cognate question: How will brains

thrive and be rewarded under Guild control of industry ?

In this chapter we explicitly confine ourselves to that particular form of brains generally credited to the practical or successful man. In our chapter on Education we shall touch the deeper problems of cultural development—the creation of that atmosphere that breeds spiritual and intellectual perception. Education under private capitalism, as we have seen, is a caricature, a mere grotesque through which no soul can shine. When, however, the average man asks how brains will be treated by the Guilds, he does not mean (and probably does not care) how will culture fare, but rather how will the practical " brainy " man have full scope for his particular faculties.

It is relevant first to inquire how this " brainy " man is treated to-day. Just as it is too readily assumed that the inventor thrives under private capitalism, so, also, it is superficially held that to-day " brains " are bound to succeed. But is it so in fact ? In a previous chapter we commented upon the will of the late Sir Edward Sassoon, who handed over to his stripling son the complete management of the family business, thereby irrevocably shutting out those faithful servants who had intelligently administered the affairs of this old-established firm. This exclusion from the final reward of faithful and intelligent service is such a commonplace under private capitalism that, save our own, there was probably no comment made upon this will, the terms of which were regarded as usual and proper. It is when a successful man wills a share in his business to his employees that public note is taken of so unusual an event, and the comment generally made is that the deceased was a man of unusual generosity. It occurs to nobody that such a course is essentially just. Public opinion, therefore, would seem to hold that " brains " are heredi-

tary; that the inexperienced youth inherits not only his father's wealth, but his business aptitudes. Those who are familiar with the inner workings of our industrial and commercial machinery laugh at such a preposterous notion. Rugby, Oxford, golf and the racecourse do not constitute an adequate or efficient business training. But the building up of a large estate is only the preliminary step to the founding of a family. In this regard the Christian and Jewish ethic is ranged with capitalist ambition. "The family is the unit of the State," cry preachers and profiteers in harmony, "therefore it is right that the accumulations of the father and the means whereby those accumulations were secured should be vested in the children." It was, *mutatis mutandis*, this consideration that led to the law and practice of primogeniture. And since it jumps with the fancy of the British middle-classes, the system obtains. But it is useless to claim at the same time that it gives to "brains" their adequate reward. A few months ago a man died leaving several millions sterling. He was indebted for a large part of this fortune to his private secretary, an extremely able and faithful man. His salary was £1000 a year. On the death of his employer this man was thrown out of work, and is still seeking employment. It would be easy to trace the origin of large fortunes to men of brains and character who benefited little or nothing. The present Steel Trust of America owes more than can be easily estimated to an unknown man, Captain Jones, of Pittsburg, who improved blast furnace practice out of all knowledge. He was killed by an explosion, and Mr. Carnegie reaped the benefits. The truth is that "brains" require the support of capital far more than does labour.

To argue in the face of facts like these—there are thousands of similar significant instances—that brains are adequately or suitably rewarded, according to exist-

ing canons, is to flog a perfectly dead horse. It may be asserted with complete confidence that profiteering, dominated as it is by social projects and family ambitions, effectually precludes and designedly proscribes the "brainy" man from a fair participation in the wealth he has helped to create. His heritage goes to "the family" of the profiteer. Private capitalism pays individual brains at a higher rate than manual labour; but beyond ensuring the supply of the brand of brains suited to his requirements, the private capitalist pursues his predatory path indifferent to the equities of the case.

We have guarded ourselves by remarking that the reward of brains is inadequate, "according to existing canons." But how if the canons be changed? "You cannot carry on modern industry without business brains," says the average man, who really believes it. Is there any outstanding precedent to prove the contrary? We propose to cite such a case and to state it with some detail. And we shall prove beyond all cavil that by changing the canons both in tone and substance to something more in accordance with the Guild conception, a finer type of executive brains can be secured and infinitely better work done, even to-day, and in the midst of the competitive system.

For two generations it has been the ambition of civil engineers to join the Atlantic and Pacific Oceans by cutting through the Central American isthmus, either from Colon to Panama or farther north from Greytown in Costa Rica up through Nicaragua Lake, and so through to the Pacific. In 1881 a French company was formed to cut a canal, 50 miles long, from Colon to Panama. This company was to be under the command of the veteran De Lesseps, the engineer who had cut the Suez Canal. It therefore started under the happiest auspices. Nor was adequate financial support wanting. France and the French investor considered their honour at stake,

and poured out money lavishly. From 1881 to 1889 more than £50,000,000 was spent on this enterprise. Here was a case for "brains," if ever there was one. Starting inland from Colon, the army of workers found themselves struggling through swampy, tropical country, infested with mosquitos, some of which bred yellow fever and others malaria. They had to locate the true bed of the river Chagres and the indeterminate boundaries of Lake Gatun. Moving towards Panama, they came to a group of mountains, the beginning of that marvellous Andean range. They were to cut a deep canal through the Culebra valley—nine miles of infinite spade and shovel work, including three huge locks—before reaching Panama and the Pacific.

The tragic ending of that company, submerging as it did one French Ministry after another (indeed, the Republic itself reeled under the blow) is now a matter of history. The basic fact is that the undertaking was too great for the "business" brain. Questions arose every day with which the business brain could not cope —questions of public policy, for it suddenly called into existence a new population with the thousand and one problems that grow out of it, public health, sanitation, police, housing, water, light, food, transport; problems of government and of relations with the Government of the Colombian Republic; international difficulties, sometimes of finance, sometimes of national interests affected. In short, the task was too heavy, even for De Lesseps or fifty other men his equal. Scandals and maladministration there may have been, but there is no one who has passed over the ground and realised the weight of the burden borne by De Lesseps who will not think kindly of this old man.

But it was a failure—the failure of the business man who proudly vaunts himself that society cannot manage its material affairs without the magic of his touch.

After spending £50,000,000, what had De Lesseps to show for his work? He had excavated 80,000,000 cubic yards at a cost of £24,000,000; he had purchased the Panama Railway at a cost of £3,600,000—about twice its value—and the rest was spent on machinery, such as locomotives, dredges, and similar gear. But he had utterly failed. Literally, he had not accomplished a quarter of his task. The failure of business brains!

Now let us tell the sequel.

In 1889 came the smash. In 1894 a new French company was organised. It continued the work spasmodically until 1904, when the whole undertaking was taken over by the American Government. Fifty millions sterling had from the beginning been spent; the American Government bought the assets for £8,000,000. So much for modern capitalism! Clearly better brains were needed.

Now if an English or American firm were given the contract to construct this canal, it is certain they would not be content to do it for a profit of less than £5,000,000, to be divided between their directors and shareholders. But we have seen that, to deal with the Panama congeries of problems, profiteering was impotent. Clearly it was a Government affair. The element of profit (so far as the actual construction was concerned) was accordingly eliminated. Exit the most cherished principle of profiteering and enter one of the fundamental principles of Guild organisation. No profit! Astounding!

Please remember, however, that we are in this chapter concerned with brains. If profits were to be eliminated, how under the sun were the master-brains to be adequately rewarded for thus successfully encompassing the most stupendous engineering feat the world has yet witnessed? At this point we touch one of the world's romances. An obscure colonel of engineers in the American Army was brought in and given practical control of the whole of the

multitudinous and intricate operations involved. Technically he was appointed chairman of the Isthmian Canal Commission; actually he was supreme director. Occasionally some pompous or fussy politician would descend upon the colonel, something like a fly settling on the nose of a Colossus. A few suave words, a dinner, a trip round the works, and the politician would be politely bowed out. Otherwise this colonel, whose name as yet has barely reached Europe, sat in his office in the Administration Buildings. To him was referred every difficulty, every vexed problem, every personal feud; to him, as to a father, would come those stricken with sudden sorrow or misfortune—this obscure colonel of the engineering corps of the Army of the United States. But we are slow to come to the point, are we? How can we help lingering over this new portent in the world of great affairs? How much, then, is the wealthy American Government paying this man for doing such incalculably valuable work? Ten thousand pounds a year? Absurd! Fifteen thousand? Not enough: an English civil engineer of any reputation would hardly look at it. Twenty thousand? Yes; that would be about a fair price. But how much is he really getting, this absolute monarch of a strip of territory of 448 square miles? He is paid annually just £3000, from which is deducted his army pay. And, strange to relate, he is quite happy; nor does he work badly or negligently. On the contrary, he glories in his position, and would probably have been equally glad to have done it for his army pay, which issomewhere about £600 a year. Observe, carefully—pay, not wages. His conduct is governed, not by wages, but by *esprit de corps*—a genuine Guild spirit, as we shall show. Are we not now approaching a new canon of reward for work done, and duty faithfully accomplished? One more word, however, about this colonel. When the work is done will there not be

some large financial reward? When Lord Roberts came home from his last campaign a grateful nation voted him the sum of £100,000. When Lord Kitchener came home he was presented with £50,000. Colonel Goethals, for doing infinitely more valuable and fruitful work—work that creates and does not destroy—expects to receive an advance of six steps in the army list and a reasonably prolonged leave of absence. Under capitalism the age of chivalry is dead; the Guild spirit will witness its resurrection.

We are not concerned with the political methods adopted by the American Government to gain absolute possession of the Panama belt. From the mid-Victorian point of view they were doubtless immoral and reprehensible; but the work is now almost completed, and we are free to confess that we are indifferent to the sorrows and grievances of the Republic of Colombia. What, however, appeals to us is that the work has been done by a combination of human forces that marks an incipient stage of Guild organisation.

Fully to realise the significance of this, it is necessary to grasp the extent and complexity of this monumental undertaking. We have seen that it was altogether too great a task for modern capitalism; we shall show that it is a task easy of accomplishment to a society effectively divided into Guilds. In the light of later events, the idea of building the canal at a profit sounds grotesque; modern capitalism can only exist upon profits. The Panama Canal is being built regardless of profits; the economic interests it subserves are greater than the commercial interest that would only have regard to commercial profits. One Guild principle, therefore, obtains: profit is eliminated. Even more striking: rent and interest are also eliminated. The money paid every week in wages is not borrowed; it comes out of the national revenue of the United States. To that

extent, at least, it is shorn of State capitalism. Yet there are hundreds of thousands of serious folk—Socialists and others—who still labour under the delusion that the only way to finance a great enterprise requiring £75,000,000 is to float a loan and pay interest in approved capitalist fashion. Observe, too, that as no loan has been issued, there is no annual sum to be paid to the bondholders, and, accordingly, the United States Government may open the canal free of tolls to its coast-borne traffic ; it is an unpledged security—morally and financially unpledged. This proposed arrangement, which has aroused the diplomatic opposition of Great Britain and Germany, would, under the complete Guild organisation of America, be an extremely simple operation. The Transport Guild (Shipping Section) would have arranged with the Engineering Guild to pass its ships through the canal for reasons, and upon terms, that would appeal to all the American Guilds assembled in full plenary conference, at which also the Government would be adequately represented. The Guild then is obviously no figment of the imagination ; it is the inevitable development of the large industry. It takes up the burden of large affairs at the point where modern capitalism hopelessly breaks down.

But before we pursue this argument further, let us tell of this embryo Guild's operations.

We have already described how French capitalism encountered the mosquito, its wage slaves being in consequence decimated by yellow fever and malaria. To capitalism this means nothing so long as the supply of the labour commodity does not fall short. But the unconscious Guild spirit, induced by the unusual circumstances of the American intervention, created a community feeling and rendered death a community loss irrespective of its commodity loss. Accordingly, before the engineering operation began, a " Sanitation Division "

was formed under the direction of another obscure colonel—this time of the Medical Corps—and war was successfully waged against the mosquito pest. The mosquito that breeds yellow fever was distinguished and located; so also the malarial. Each was traced to its haunts; the one lived on domestic garbage, the other infested the swampy land through which the canal was destined to pass. Stagnant water was covered with kerosine oil, and in it the malarial mosquito found its grave. Domestic refuse was systematically and promptly removed, the consequence being that the yellow-jack mosquito had nowhere to lay its eggs. This sounds simple in the telling, but the magnitude of the work done by the Medical Division can only be realised by travelling over the fifty miles of watery swamp and passing through the various camps where live the forty thousand employees, their wives, and dependents. English, French, German, or American contract work can be seen in all parts of the world; from the Andes to the Caucasus, from the Rockies to the Himalayas, profiteering contractors with their hosts of wage slaves are building railways or harbours, are erecting public buildings, or sinking mining shafts. What traveller is there who does not remember with a shudder the abiding ugliness of the scars they have cut on the earth's surface? But, so far as the white population is concerned, the camps at Ancon, Culebra, and Gatun on the Panama belt are models of their kind and put to blush most of the manufacturing towns of England or America. Had the element of profit entered into the work, Panama would be horrible; as it is, situated in a torrid heat with a rainfall varying from 70 to 225 inches a year, the death-rate from disease is 7·72 per thousand. At the time of writing, sanitation has cost the Administration nearly £3,000,000.

The health of this mushroom community being thus

effectually guarded against plague, fever, and zymotic disease (the dominance of the doctor is indeed becoming an acute problem), the next step was to provide wholesome food, sustaining and untainted. This necessity called into being the "Subsistence Division." Again, another obscure colonel took command, the work being far too important and responsible to be entrusted to any profiteering caterer or restaurateur. Did this colonel seek to make a profit on the supply of food? Not he. An army man, he knew something about rations and something about pay; of wages and the industrial system built up on wages he was happily oblivious. His task was to feed this industrial army at his peril; what had profits to do with it? He has to supply daily over 65,000 people with food, clothes, and the other necessities of life. And he does it without a penny of profit. This obscure colonel, no merchant prince is he, has a clear perception that the workers want rations at cost price. He does not report at the end of the year that he has made a large profit out of his transactions—if he did he would be superseded; it is his duty to report that he has secured rations of pure quality and distributed them effectually, punctually, and rapidly amongst the Panama workers. Is not this a distinct approach to the Guild spirit?

The Subsistence Division spends every year £1,200,000 on food. It runs 22 general stores and 18 hotels. These hotels supply every month 200,000 substantial meals at a cost of fifteen pence each. In addition, there are 16 huge European messes, where European (euphemism for cheap white labour, mostly Spanish and Italian) labourers can obtain a day's rations of three meals for twenty pence, and 14 West Indian kitchens where black labour can obtain a day's rations for thirteen pence. Every morning, at four o'clock, from Cristobal on the Panama side of the Isthmus a supply train of 21 cars distributes fresh food. It is all done through the Quartermaster's Department—the

chief quartermaster and his lieutenant being also obscure colonels, with brains not vitiated by the profiteering spirit. These men understand *esprit de corps*; they have sensed the Guild spirit. It is enjoined upon them that as officers they must necessarily be gentlemen. Instinctively they know that profiteering, like buccaneering, is not a gentlemanly profession. They are not "brainy" enough to make "a good thing" out of those responsible tasks, but they have accomplished a work at which "brainy" capitalism failed utterly.

In this atmosphere, penetrated by a spirit closely akin to that which will pervade the future Guild, the work of the Panama Canal has been carried out and is fast approaching a triumphant conclusion. One hundred and eighty million cubit yards have been excavated. The trains conveying this material, if placed end to end, would four times circle the globe, and every cubic yard weighs a ton and a half. Five million tons of concrete have gone into the locks, the spillway, and the canal. Provision is made for passing through from the Pacific to the Atlantic vessels even larger than the *Olympic*, which is 1000 feet long. These ships are lifted 85 feet from sea-level, either at Miraflores or Gatun, and are lowered again to sea-level at the other end. They will pass from the Pacific to the Atlantic Oceans in ten hours—a saving of three to six weeks in their journey from East to West.

We are not so foolish as to push too far our analogy between the Panama organisation and the Guild. But what we have shown is that something in the nature and structure of the Guild has undeniably succeeded where capitalism, adequately financed and even backed by a proud national sentiment, has undeniably failed. We have further shown that the canons of reward, when modified by the Guild spirit, will call into play capacity and brains far superior to the capacity and brains nurtured and trained in the profiteering spirit.

The weakness of our analogy is to be found in the persistence of the wage system in the Panama zone. But even here there are obvious reservations. In the first place, rations are supplied at cost price. In this way, capitalism loses one of its two profits and one of its two rents. In the second place, the wage system is not exploited by rent, interest and profits, the whole enterprise not being, nor pretending to be, on a profit-bearing basis.

It may be urged that whilst an undertaking on the scale of Panama calls into play problems of large public policy, and is therefore too much for private capitalism, it does not follow that smaller works ought not to be left to the private capitalist and contractor. But, broadly stated, there are no small enterprises left. The purchase of a pound of tea or sugar, apparently an extremely simple operation, just as surely calls up problems of large public policy as does the construction of the Panama Canal. Indeed, Panama is a very small affair compared with the organisation of the tea or sugar industries. Two shillings paid over the grocer's counter for a pound of tea means work for a coolie in India or a Chinaman in China. It means work for a packer, work for a sailor, work for a salesman in London; it calls into play the labour of the shipbuilders who build the ships that carry the tea, and work for the engineers who installed the machinery that drove the ship. This florin for a pound of tea is thrown into an ocean of mobile interests, and its ripples circle to the outside edge of the industrial world. The Panama Canal is a mere accessory to the supremely important transaction engaged in by a woman who buys food-stuffs or clothing. It is because these transactions have grown so vitally important, so profoundly far-reaching, both in fact and in significance, that private capitalism finds itself too limited in its scope, too circumscribed in its principles and methods, adequately to

grapple with such a complex situation. It failed in Panama ; its failure is equally pronounced when it gives away a gewgaw with a pound of tea.

This brings us back to our subject : brains of the capitalist order are now palpably out of date ; they belong to the stuffy furniture of the Victorian era. It is, perhaps, more accurate to pose our statement thus : executive and administrative brains are hampered and restricted by the limitations and false economic conception of private capitalism. The able army colonels who are bringing the Panama Canal to its final success would have been as impotent as was De Lesseps had they not had at their back a nation's credit and a new form of industrial organisation. They had to concentrate upon the canal zone all the available labour specially organised for the great adventure. But that is precisely the function of the Guilds. They must first monopolise the labour power of their own people, then they must apply that power to its most fruitful uses. It is important to remember that we have explicitly rejected the syndicalist theory that the land, buildings and machinery should be owned by the syndicalist equivalent of the Guild. Just as the land, buildings and machinery of the Panama Canal belong to the American Government, so must the assets with which the Guilds work belong to the nation. But because economic power dominates political power, it follows that the Guilds will possess only the usufruct of the assets. Nevertheless the Guilds must be primarily concerned with the fruitful application of their labour monopoly. They will be in a position (like the Panama colonels) to compel the supply of all necessary *material* through the appropriate Guild. They will be quit of the private capitalist ; capitalism will go to limbo with wagery ; its burden, its devastating restrictions, its crudeness and its cruelties, will all become the nightmare of an evil night that has gone for ever.

In these circumstances, it is evident that the superficial "brainiess" now so deplorably in request by private capitalism will have no place. The new era will inevitably develop a finer type of executive and administrative brains. The Guild leaders and administrators will be in the true sense statesmen; they will give to any problem an impersonal consideration because they will not be perpetually obsessed with thoughts of personal aggrandisement and of paltry profits. Their future will be assured; so also will be their status. Their souls will be washed clean from the corrosion and stains of capitalist morality. In that respect, at least, they will breathe a purer ether and their work will accordingly show richer results. Doubtless other moral weaknesses will develop—any good custom will corrupt the world—but so far, at least, as profiteering corrupts they will be immune.

We have seen that private capitalism failed at Panama, with its expenditure of £75,000,000. But this amount will be a comparatively small matter for the Guilds. The Textile Guild, for example, will spend three times that amount every year and think nothing of it. It will, to begin with, purchase from America or elsewhere at least £100,000,000 worth of raw cotton. It will purchase new machinery on a scale undreamt of in capitalist philosophy. Its quota towards sanitation, education, and all other public services will put the Panama expenditure completely in the shade. Naturally so; for Panama is only concerned with a population of 60,000, whilst the Textile Guild will be concerned, in its right proportion, with a population of 45,000,000. In short, the Guilds are far greater things than private capitalism can conceive. Many men we meet are proud to be connected with some large "firm" (observe the root meaning of the word); but how ridiculously small and even insignificant must be the greatest capitalist firms compared with a Guild?

When that day comes men will be proud to be associated, not with any private firm, but with their Guild.

Out of that pride will spring the strong will and trained capacity to make the Guilds great instruments in a national economy so ordered that the production and distribution of wealth will be an occupation fit for gentlemen.

XI

MOTIVE UNDER THE GUILD

ANY proposed change in the economic life of a nation inevitably raises a whole category of questions as to the motives that move men, particularly in material affairs. It is a rooted belief amongst the generality of people that our human nature and our economic system are chemically combined and incapable of precipitation. It is asserted, with varying degrees of emphasis, that our existing economy is precisely what it is because it is the product of human nature; because it responds with delicate certainty to the motives that vitalise human nature. This theory has even obtained the sanction of an American professor, who (following Bentham, Nassau Senior, and others) constructed and elaborated before the Congressional Anthracite Commission an horrific animal which he termed "the economic man." This Frankenstein monster, stripped of all moral sensibility, represented the true blending of the motives that actuate men in their material pursuits. It would be foolish to write words upon such an absurd simulacrum because the overwhelming majority of the believers in private capitalism reject the theory. They, for the most part, frankly admit that life under private capitalism is only tolerable when mitigated or even transformed by the beneficent influence of the unworldly—the non-capitalist—Christ. "Business is business," we are told, "but a man must not carry his business hardness or

cunning or push into his private life. The anomalies between the business and the social codes are always a fruitful theme for the moralist, the novelist, and the dramatist. We are most of us conscious that business as it is practised to-day does not harmonise with our better motives, because we refuse "to talk shop" in our social intercourse. Now there is no reason under the sun why men and women, meeting socially, should not freely discuss the means by which they live. But the fact that men do in the factory and counting-house what they would scorn to do in their social relations stamps our industrial and commercial system as blackguardly or inhuman. Chattel slavery was inhuman; is wage slavery less so?

It may be contended that human motive finds its truest expression in the industrial struggle; that social conduct is, after all, merely an external polish, and that the elemental man is in essence predatory, that his motives are selfish, that his social amenities are all a pretence. This contention is destroyed by the claim made for the industrial system that it is the harbinger of civilisation. The Manchester economists were alive to this fundamental contradiction, and they accordingly elaborated the theory of "enlightened selfishness." "Of course," said they, "man is a selfish animal, but his experience of industry and its consequent civilising mission has led him to believe that devotion to the larger economic interests of the community is in reality the most enlightened way of strengthening his individual interests." We need only remark on this point that the continuance of the wage system, so far from strengthening, actually imperils the larger economic interests of the community; that servitude, whether distinct from or because of its moral implications, is destructive of civilised society; is uneconomic, because it stops the vast majority of the population from the effective use and consumption of wealth. To reduce the activities of the workers to the

level and value of an inanimate commodity is to condemn them to death and not to life. Death is not an economic process; it is the negation of economy, whatever other purposes it may serve.

Even if human nature does not change, if it persists in all its essentials through the vicissitudes of material and moral upheavals, it by no means follows that as yet we know it in all its fulness. In the stress of physical hunger it may manifest itself in one direction, in the plenitude of wealth in quite another. When we realise the possibilities of human motive, the heights it has reached in adversity, may we not assume that it will blossom into even richer colouring when removed from the strain, the anxiety, of material cares? Shall we not then discover that mankind is only a little lower than the angels, and crowned with glory and honour? The question, then, is not whether human nature changes, but whether under a more humane and economically sounder rearrangment of society, human nature may not develop into a greatness beyond all present anticipation. The case for Guild Socialism is based upon an unchanging faith that man's motives and hopes, freed from the contamination of poverty, will replenish the world with unsuspected richness and variety of wealth and life.

The whole range of argument relating to human nature and its motives is, of course, common ground to Socialists of every school; we are here only concerned with the spirit and motives that will inspire Guild Socialism. In our chapter on "The Finance of the Guild," we remarked that the main concern of the Guild will be to ensure real value passing from the labour of the members into the Guild products. This is the basis of the whole scheme of life adumbrated by Guild organisation, and unless we can be assured that the mass of Guild membership will *con amore* give its utmost skill to the production of Guild wealth, the moral, and therefore

the economic, foundation of the Guild will sink. Can we then rely upon the general membership to do its work honestly? Is there a strong and enduring motive to put real value into its products? We answer unhesitatingly in the affirmative. We affirm that there is no such motive under private capitalism, and that the motive of honest production can only be found in co-operative production, from which the labour commodity theory of the wage system has been eliminated. We affirm that the wage system kills the motive inherent in honest production because it dehumanises the human element in labour, reducing it to wage slavery.

Those who have intimate dealings with the workers of Great Britain (doubtless the remark is equally applicable to other countries) know how deeply rooted is the passion to do good work if opportunity serves. It is a miracle and a mercy that modern industrialism has not killed it outright. Kill the craftsmanship of an industrial country, and what remains? Yet to-day, difficult though it be to believe, the vast majority of the manufacturers of Western Europe and America seem to be in a gigantic conspiracy to crush out that very craftsmanship that is the life-blood of their occupation. The reason is simple: mechanical production necessitates intense specialisation, so that to-day a man no longer learns a trade—he is put to a section of it, and there he sticks for the rest of his life. But the workers are by nature gregarious and companionable, so that by exchange of experiences the tradition of each trade is maintained—a tradition that will bloom into human reality when labour ceases to be a non-human commodity and becomes as richly human as it was under the mediæval Guild. Motive! What workman is there who would not sell his soul to become a craftsman? Even to-day the labourer starves himself that he may put his son to some so-called skilled trade.

There are, however, many other motives and aspirations. There is the motive or ambition of the Guild member to rise in the Guild hierarchy and become an administrator. This form of motive to-day has two branches: one man gradually attains foremanship, and graduates into the commercial side of his trade; another man becomes absorbed in trades unionism, and finally plays a more or less prominent part as an official, a delegate, or what not. The organisation of the Guilds will not be complete unless full scope be given to both these types to achieve their appropriate careers. In this connection we see the technical associations indefinitely extending their membership by the admission into their ranks of the actual workers, now their inferiors, but, under the Guilds, their equals and their comrades. Under private capitalism most men are precluded from the satisfaction of these motives; their rightful positions are seized by the blood relations of their employers. But under Guild organisation every private carries a marshal's baton.

It is doubtful, however, whether the majority of mankind regard their means of livelihood as the main concern of life. They would fain work that they may live; wagery compels them to live that they may work. The preoccupations, practical and spiritual, of bare subsistence, benumb faculties and aspirations which are of incalculable value. It is impossible to move amongst even the most poorly paid wage slaves without encountering innumerable signs of genius, of thought, of artistic or literary or religious cravings. We have written it before, but it bears constant repetition: the case for democracy is that it is the inexhaustible well from which the nation draws its resources, human, economic, social, spiritual. All these are comprehended in democracy, and only in democracy. It is the ground out of which fructifies the seed of national life. The case against the

wage system is that it starves the ground—"lets it run down," to use an agricultural term. If this be so, does it not follow that any economic reformation of society that gives ample scope to the endlessly varied and kaleidoscopic motives, ambitions and cravings of the mass rather than of the favoured few will best harmonise with motive, enriching that democracy which is the fountain of national life?

It is often contended that the wage slave is almost as lazy and shiftless as the chattel slave; that to maintain wealth production it is therefore necessary to keep the wage slave at the spur point of starvation. "Give them money, and they instantly ease off," we are constantly told in varying terms of contempt. We merely mention the point to show that it has not escaped us; we shall certainly not argue such a foolish proposition. It is not an argument; it is an excuse for sweated wages. It is, of course, true that a man's face may be so ground that he may lose all heart, all resilience, and sink into utter indifference and inertia. But if this be true of the majority of the wage-earners—the majority of the nation—how about the glories of the British Empire? Is it built up on the basis of a thriftless and shiftless proletariat—a proletariat that starts work at six o'clock in the morning, and treads the corn for nine, ten, or eleven hours? The more far-sighted employers, alive to the essential falsity of this conception, have discovered that there is an economy of high wages so scientifically accurate that it destroys the wage-fund theory and resists the law of diminishing returns. It is universally true that acquisition stimulates accumulation—the appetite grows by what it feeds upon. Place a man and his family beyond the reach of urgent want, give him some scope for his faculties, some ease of movement, he instantly becomes a source of national wealth. How often do we hear it said: "If only I were in some measure free from

the cursed grind, I could do something worth while." And we implicitly believe it. One of the most appalling aspects of private capitalism is its callous disregard for any kind of genius, skill, or ability which it cannot exploit. Worse! It kills out even the wealth-producing capacities of the workers.

> "We too now say
> That she, scarce comprehending
> The greatest of her golden-voiced sons any more,
> Stupidly travels her dull round of mechanic toil,
> And lets slow die out of her life
> Beauty and genius and joy."

It is impossible to analyse the multitudinous and mixed motives of mankind. Some are noble; some are ignoble. But we have no doubt that the true way of life is to give free scope to noble motives, trusting to the culture, common-sense, and widely distributed wealth of the nation to kill or cure ignoble motives.

If we cannot analyse, define, or docket the motives of men, it is, perhaps, possible to discover the true conditions and atmosphere in which motives, appetites, and ambitions may be satisfied. A motive implies a will. But before it can in any degree be realised, power must be added to will. Thus the condition precedent is will-power. We cannot, however, even possess will unless the fund of will is greater than the depletion of that will-fund for the bare maintenance of life. A surplus of will over the amount of energy requisite for existence is therefore essential. This surplus once secured, man has only to apply himself to the satisfaction of his motive by means of his will-power. He will succeed or fail as the will-power in him is strong enough or too weak for the purpose. The modern aristocratic theory is that this "Will to Power" most appropriately resides in the breasts of the dominant few—those who have acquired the culture of the schools in close alliance with the more

distinctively exploiting class—their surplus of will-power being at its maximum because there is no demand upon their will-fund to maintain life—and that therefore the true way of national life is to subject the mass of labouring mankind to such discipline as shall keep them in subjection and their masters in control. This is done by maintaining harmony and balance between the forces of conventional morality and the physical forces at the command of the Crown. This theory presupposes that out of a bureaucrat grows a superman. It runs counter to the democratic theory that it is only by the cultivation of the powers and propensities of the mass of the population that national greatness can be attained. The question, therefore, is thus resolved : Is the Will to Power a perquisite of a dominant class, or is it a universal quality ? The bureaucrats claim it ; so, also, do the Guilds.

XII

THE BUREAUCRAT AND THE GUILD

In the Socialist and Labour movement in Great Britain, bureaucracy and bureaucratic posts have recently become popular. In the early days of British Socialism a man who joined the bureaucracy was regarded in the light of poacher turned gamekeeper. It was assumed that the revolutionary pith had gone out of him; that henceforth he was irrevocably on the side of the established order. That is only another way of saying that the earlier Socialists shared this instinctive distrust with their fellow-men. As the Socialist movement shed its revolutionary skin, disclosing in the process a soft head for economics and a soft heart for politics, the machinery of political government grew more and more fascinating, until to-day it is customary for prominent British Socialist and Labour leaders to accept the Government commission and incidentally to feather their precariously perched nests. It is not generally realised how successfully the present Government has sterilised the Socialist and Labour movement by enlisting in the ranks of the bureaucracy energetic young Fabians as well as prominent political Socialists and Labour leaders—large posts in London, smaller posts in the provinces. These appointments have not been made because of the beautiful eyes of the recipients; they have been made because it is either consciously or sub-consciously understood that the Civil Service is the real palladium of the existing social,

political and economic system, and accordingly Socialists and Labour men who join it of necessity bear their share in heading off any subversive movement. The Labour Exchanges and the Insurance Act have afforded many opportunities to practise this sterilising policy.

The accession to the ranks of the Civil Service of a certain number of men alleged to be democrats has, of course, in no way democratised Downing Street and its purlieus. Classification still rules, appointments to the first class still being the perquisite of the universities. In this way the bureaucratic organisation is securely linked to the governing classes; they worship the same God; their tone, manners and ambition derive from the same source. It is not, therefore, surprising that the British bureaucracy is regarded by the bulk of the working population as an element of oppression—a governing class, having behind it the armed forces of the police, the army, the navy, and the psychological discipline of the churches and the medicine men.

The conjunction of the State Socialists with the bureaucracy was obviously inevitable. State Socialism involves bureaucracy because it has never realised that democracy is impossible if co-existent with the wage system, and, as we have shown, State Socialism can only pay its bondholders by maintaining the wage system. A democratic bureaucracy is a contradiction in terms because it has always been, is now, and always will be, the governing arm of the governing classes. As the existence of *a governing class* is the negation of democracy, it follows that bureaucracy is essentially anti-democratic. The instinct, therefore, of the working classes that warns them against the domination of the Civil Service is at bottom the instinct of democracy. So far as the alliance between bureaucracy and State Socialism has gone, its effects are psychologically rather than actually oppressive. The Fabian Society has always

been frankly bureaucratic; it has pursued its meliorist policy through the agency of the public services. "What is a bureaucrat?" asks the young Fabian gaily. "One who works in a bureau," is the glib answer. "What is a bureau?" he further asks to clinch his point. "Only an office," answers the chorus. "Quite so," says the self-assured young man, "and if we called him a clerk there would be no fuss." Words, however, have their associations as well as their derivative meanings. We might ask the young Fabian if an officer is one who works in an office. We might further ask him if an officer is a clerk. We know the meaning of the two words; we know that bureaucracy connotes a vast deal more than desk-work. The Fabian attitude towards democracy —an arrogant and supercilious attitude—is largely due to the reliance which it places upon the bureaucracy to administer social reforms from above; it cannot conceive wage slavery doing it for itself. Fabianism is so far correct in its estimate of the regenerative infertility of wagery; but it is incurably anti-democratic because it is content to tolerate wagery—have not Mr. and Mrs. Sidney Webb said so? To argue that the wage system cannot be fundamentally abolished and concurrently to proclaim belief in democracy is not only illogical but indicative of a rooted ignorance of the true relation of industry to effective democracy.

If the Fabian has a reasoned attitude towards bureaucracy, the official Labour leader has none. He is innocent of any theory of life. He loves authority, and he loves the ordered ease of the Civil servant. He has natural yearnings for a swift transition from the "passive" conditions of wagery to the "active" influence of the bureaucratic organisation. To be a Jack in office in Whitehall is to him far preferable to the strenuous impotence of labour politics. Apart, however, from the personal considerations that draw State Socialists

and Labourists into the bureaucracy, the main reason undoubtedly is the settled conviction of the vast majority of the "politicals" that political government reforms but does not revolutionise. And, until the real revolutionary meaning of wage abolition is grasped by the workers, the addition to the bureaucracy of reputable Labour leaders will be deemed some small guarantee for a good supply of ointment upon the wage cancer. If Labour does not want to abolish wagery, it obviously does not want either revolution or democracy. To it, therefore, there is no treason in joining the bureaucracy.

Nevertheless, it is treason of a peculiarly odious type. What purpose do these Labour-bureaucrats fulfil? They become the eyes and ears—the spies—of the governing class, warning it how far it may go, whilst cajoling industrial discontent into acquiesence by promising or suggesting trifling easements. If the number of Labour-bureaucrats were multiplied by a hundred, the result would be precisely the same; you do not weaken your enemy by giving him your own men—deserters who remember your weaknesses and forget your strength. In America, where the bureaucratic purchase of Labour politicians is done on a wholesale scale, the results are precisely the same as in Germany, where the bureaucracy trains its own spies. Here and there "Labour is mocked, its just rewards are stolen."

But would not the Guilds produce their own crop of hard-shell bureaucrats? Would not the inevitable Guild hierarchy play the same part as the existing Civil Services? Are not the high officials of a Trust as bureaucratic as any in the Government service? Of course they are, and for precisely the same reason: they are appointed to guard the interests of rent and capital. That is exactly the function of the Government official. How then would the Guild official differ in essence from the Government or Trust official? In two fundamental

respects: (*a*) because there would be no exploiting class to protect—it would go with the wage system; (*b*) because the Guilds would democratically elect their own officers. We have previously remarked that the workman is an exceedingly shrewd judge of competent work and of industrial administration. In less than one generation there would not be an incompetent official in any Guild. The Guild members would judge his competence, not by the glibness of his tongue nor by the suavity of his manners, but by his skill in producing wealth with the minimum expenditure of labour. Every labour economy effected would spell either greater wealth for distribution amongst the members or more leisure to dignify and recreate life.

From all this is drawn an inference of profound importance: industrial democracy is the bedrock of a free social life. Political freedom without industrial power is a cruel and tantalising deception. It is fatal to forget that economic power precedes and controls political power. We see, further, that an analysis of bureaucracy proves it to be anti-democratic and, therefore, contrary to the spirit and principles of Guild organisation.

It is only when the democratic forces turn resolutely away from political action and concentrate upon the acquisition of industrial power (they can only do it by applying democratic principles) that they will discover bureaucracy—the outward and visible manifestation of the power of the possessing classes, backed as it is by the Army and Navy and an informally Erastian control of the churches—to be their real antagonist in the "class struggle." One of the most disastrous results of political Socialism has been to obscure the reality of the class struggle. The Socialist and Labour politicals —indeed, all the component parts of the Labour Party —in their scramble for votes have been compelled to

disregard and even to deny the existence of a class struggle. To disregard it as a political necessity is at least understandable, but to deny it as a serious factor in the situation is surely the acme of political poltroonery. Yet the leaders of the I.L.P. have unblushingly asserted that the class struggle is altogether irrelevant to the Socialist agitation. And they wring their hands in wonderment that real wages are still curving disgracefully downwards! Let us then iterate and reiterate that the class struggle is the sternest of stern realities; that its ending by Guild Socialism will mean a prolonged war; that Guild Socialism cannot be born without the efforts inherent in every real revolution. Plutocracy will not be bowed out; it must be thrust out.

The gradual invasion of industrial conditions by the bureaucracy—factory Acts, insurance, and the like—has opened the democrat's eyes to another important aspect of this problem: In all matters relating to wealth production, the bureaucrat is hopelessly incompetent. Parliament passes Acts governing the conditions of factory and workshop life only to waste succeeding sessions in amending them. Industry is too complex, too integrated, to be subjected to the amateurish interference of political busybodies. The factory inspector is a joke both to employers and employed; they know when to expect him and they systematically deceive him. There is no factory rule or regulation worth its paper value unless it be obeyed with the willing consent of the industrial population. Under the Guild organisation, these parliamentary enactments would be regarded as superfluous and impertinent; if industrial democracy cannot regulate its own factory conditions, then Guild Socialism is a mirage. The fact is, however, that the bureaucracy has discovered that humane employment means larger profits; it enhances the commodity value

of labour. All the factory Acts have been followed by greater commercial prosperity. The employers, armed with economic power, reflect that power through Parliament. In consequence, they clip and trim labour conditions to suit their requirements, to appease labour with soft solder, and to benefit by the credit that is gained by nominally humanitarian legislation. But all the time rent, interest and profit are increasing whilst real wages are falling.

The present friendly relations that exist between official labour and the bureaucracy must be speedily terminated. We know of nothing so undignified, if not degrading, as the deputations that subserviently wait upon Government Ministers and their bureaucratic henchmen. These deputations always follow the conferences of the Trade Union Congress and the Labour Party. They kow-tow to the Minister, who responds with " nods and becks and wreathed smiles " ; they ask the Minister if he will kindly look into this or that condition of some particular trade and legislate accordingly. The Minister gravely thanks them for drawing his attention to the subject—a subject that is always very near to his omnipresent heart—promises inquiry and retires. The deputation then proceeds to have a good time in London, visits the theatre or the House of Commons, where its members enjoy the convivial company of the Labour Party—and so home. The Minister, in his turn, instructs his secretary to ascertain if the proposed enactments would offend or injure whatever wealthy supporters he may have in the particular trade affected, and his decision is ultimately governed by the replies he receives. This system of annual delegations to placate the bureaucratic elements has grown to the dimensions of a serious scandal. But their psychological effects are much more deadly than any possible scandal. The organisation of Labour will fast become a mockery

and a snare unless it learns once and for all that it exists to fight the bureaucracy and not to wheedle it.

The advent of the Guild does not mean the departure of the bureaucrat, but it involves a change of heart and a sharp turn from the traditions of his order; although by birth, breeding, or education, his life and sympathies are bound up with the governing or plutocratic classes, he, nevertheless, is not generally a man of large means. He protects the plunder of his social associates; he seldom shares it. He is the poorly paid tutor in the rich man's mansion, in the family but not of it; he is the eunuch in the palace. He has some affinity with the Royal Irish Constabulary—a fine body of men, but pledged to protect the landed interest, without sharing in the rent. Like the R.I.C., the Civil Service has an *esprit de corps* that would make it equally loyal to a new master. It is a commonplace that the expert is a good servant but a bad master: so also is the bureaucrat. When, therefore, economic power is transferred from private capitalism to the Guilds—ultimately, economic power is Labour power—the whole spirit of bureaucracy will be subtly changed. It will cease to be an instrument of administrative oppression; it will revolve round a new axis and in a new atmosphere. The bureaucrat trained to-day to the

> "Chicane of prudent pauses,
> Sage provisoes, sub-intents and saving clauses,"

the prevarication necessitated by lip-homage to a nominal democracy and actual service to a plutocracy, will suddenly find himself released and free to act with conviction.

At the proper stage of this inquiry we shall endeavour to outline the true function of a State whose politics shall be purified and whose policy shall be undisturbed by the restrictions of the financial interests. So far,

however, as the bureaucrat is concerned, he will cease to act for the landlords and capitalists, associated for political purposes and calling themselves "the State"; he will then act for the general citizenship in contradistinction to the Guild membership. In this connection it is imperative to remember that a man will act with his Guild in protecting his Guild interests without ceasing to be a citizen, voicing and fighting for his opinions, as free citizens always do. We have no sympathy with a certain narrow school of thought that argues for the restriction of politics to the Guild, or its equivalent.

The Civil Service of the future, the descendant of the bureaucracy of to-day, will become the servant (having ceased to be the master when the wage system was abolished) of an enlightened political system from which the Guilds will have removed all financial burdens.

XIII

INTER-GUILD RELATIONS

As the Guilds gradually shape themselves into their natural economic forms and groupings, it is certain that many vexed controversies will call for patient and statesmanlike discussion and settlement. The reorganisation of industrial society may be planned with Roman precision of thought and a Greek sense of symmetry, but, unless the spirit that directs it is informed with a cultured appreciation of the many and various problems that call for solution, we shall find ourselves in possession of a charter and constitution as perfect as a Central American Republic and with as rotten an administration. The organisation of the Guilds is a task for trained craftsmen and industrial thinkers, and not for contented wage slaves. It presupposes an intelligent determination to be quit of the wage system and an understanding that Guild organisation is the strong successor to the large industry, now clearly destined to disintegration and decay.

It is impossible to forecast the many and various points of dissension which must arise between the Guilds. Where economic interests tend to diverge, it is prudent to anticipate acute and even acrimonious controversy rather than the gentle reasonableness of a Quaker conference. As the *raison d'être* of the Guilds is primarily economic, and as nothing stirs mankind so easily as the consideration of its material interests and prospects, we may, therefore, expect the active operation of economic

"pulls," even though we cannot foresee their exact character. If, however, we visualise the future Guilds, we may perhaps vaguely glimpse some apples of discord, even though we cannot taste their exact flavour. Reference to our chapter, "Industries Susceptible of Guild Organisation," discloses the probability of every Guild possessing a membership of 1,500,000 to 2,500,000. Let us recapitulate the main Guilds with their possible membership, so that we may the more readily appreciate certain possible diversities of interest.

Guild.	Membership.
1. Transit	1,500,000
2. Agriculture	2,500,000
3. Mines and Quarries	1,000,000
4. Metals, Machines, Implements and Engineering	1,500,000
5. Building, Construction, Furniture and Decoration	2,000,000
6. Paper, Printing, Books, Stationery	500,000
7. Textiles	1,500,000
8. Clothing	1,500,000
9. Food, Tobacco, Drink and Lodging	1,500,000
	13,500,000

Here, then, are nine possible Guilds covering a working membership of 13,500,000, and representing the majority of the population. It requires but little imagination to perceive a wide diversity of group "pulls," even though an economic unity has been established which far transcends any conceivable unity in the existing industrial system. Theoretically considered, two men in making a bargain are seeking economic unity; but that does not preclude a stern battle of wits in reaching a mutually satisfactory result. And it is human nature that the man with the stronger "pull" will get slightly the better of the bargain. (A wise lawyer will affirm, however, that the most enduring settlement is when both parties are completely satisfied. That, perhaps, is a counsel of perfection.) Now we do not suggest that these Guilds are

all of equal economic strength, and accordingly we may expect dissatisfaction amongst the weaker Guilds when the stronger from time to time impose their wills—that is, in the last resort, exercise their "pull." In what direction, then, can we reasonably anticipate dissatisfaction, followed by strenuous agitation for rectification?

Primarily, we imagine in the value each Guild sets upon its own labour, which may be disputed by the other Guilds. In our chapter, "The Finance of the Guilds," we remarked that in the earlier stages the more highly skilled industries would insist upon a higher value being attached to their labour than to the labour of the so-called "unskilled" groups. Assuming a weekly maximum "pay" of 100 "guilders" and a minimum of (say) 60, it is obvious that the lower grades will unceasingly struggle to reach the maximum. This struggle, too, will be waged inside the several Guilds, as, for example, between the fitter and his labourer, both members of the same Guild, or the mason and his labourer, also members of another Guild. But the domestic arrangements of the Guild do not concern us here; it is when the Guilds, as such, come to grips with the other Guilds to establish the general value of their respective work and functions that the main battle will be joined. Thus, agriculture is now poorly paid, and, in consequence, we have habituated ourselves to cheap food—so cheap, indeed, that we are the envy and wonder of the world in this respect. But the Agricultural Guild is numerically the strongest of them all. May we not, then, expect strong action by that Guild for a revaluation of agricultural work and products? It is clear that the Agricultural Guild will have direct or indirect relations with all the other Guilds, because none of them can estimate the cost of their work until the cost of food has been determined. Will the claim for a higher valuation of agriculture, both in its actual products and as a supremely important

element in our national life, be met by the other Guilds in a niggling or in a generous spirit ? In this connection, it is well to remember that even during the past decade extremely acrimonious disputes have arisen between existing trade unions, notably as to delimitation of work, and if such large questions were to be settled in the same spirit, it would prove of ill-omen to the future greatness of the Guilds. But the Guilds, as we have pictured them, are not the existing unions, but the unions plus the practical intellectuals, the labour and brains of each Guild naturally evolving a hierarchy to which large issues of industrial policy might with confidence be referred. At the back of this hierarchy, and finally dominating it, is the Guild democracy—a constituency genuinely susceptible to any real claim in equity. Nevertheless, the main consideration in the settlement of inter-Guild disputes will be the economic necessities of the case at the time.

Suppose, then, that the Agricultural Guild were to demand such an increase in the value of its produce as would enable it to level up its pay from 65 to 75. Suppose, further, that the other Guilds were to reply that, anxious as they were to see agricultural labour values improved, they felt that any such advance, just then, would upset the equilibrium upon which depended their existing estimates, and accordingly that they must resist the claim. What would be the next step of the Agricultural Guild ?

Before attempting any solution, it may help us if we postulate some other Guild complications. Take the Transit Guild, for example. There is no reason to suppose that transit will be a less important function under the Guilds than it is to-day. Suppose, then, the Transit Guild to be in suppressed revolt against its treatment by the other Guilds. Obviously, the Transit Guild occupies a strategic position of peculiar strength. It could hold up all the Guilds indefinitely. But it can

only be strong so long as it exercises its strength with responsibility. It is, nevertheless, dissatisfied. Consistent with responsibility and its sense of economic unity with the other Guilds, what can it do ?

Again, the Textile and the Clothing Guilds are closely related. The one would certainly buy from the other in enormous quantities. Suppose a dispute to arise ?

Yet, again, the Miners' Guild is intimately bound up with all the other Guilds, which, naturally, want fuel. The miners may value their labour at an average of 80 when the other Guilds would prefer an average of 75. What is the way out ?

Undoubtedly, the ultimate way out would be by a speedy approximation of all labour values to one common standard. But pending the ultimate solution, what would be the probable course of procedure ?

Fortunately, private capitalism has already evolved a plan which would largely meet the difficulties here cited. When groups of companies have mutual interests as buyers and sellers to each other, to avoid these very complications they take financial holdings in each other and exchange directors. They recognise their interdependence and take precautions against disturbing it. In like manner, the Guilds will probably exchange representation upon their several governing bodies, so that each Guild authority may understand, and sympathetically enter into, the difficulties and problems of the others. Nor is there any reason why these Guild ambassadors should not be clothed with large authority to commit their Guilds to proposals that vary existing contracts or understandings. If large changes were proposed, the assent of the other Guilds, through their ambassadors, would be as deliberate as the changes were important. We here hit upon a valuable truth : When bodies between which there is no economic harmony disagree (labour and capital under modern industrialism)

such disagreement tends towards disintegration; but disagreements between two or more bodies whose economic interests are fundamentally harmonious, tend towards closer economic integration. Thus dissensions amongst the Guilds would almost certainly create a movement to reduce all such friction to its smallest area, and by good-will on all sides finally to eliminate it. And probably the way to achieve this end would be by closer relations reached through the interchange of Guild ambassadors, whose functions would be precisely those of a national ambassador, who must not only watch the interests of his country but promote closer relations, and, if required, help to smooth out difficulties when they arise elsewhere. The position of Guild representative would obviously be very important—a position to which the best men in the Guild might aspire.

But whilst nine out of every ten disputes between the Guilds would probably be solved by a system of inter-representation, it is quite conceivable that a dissatisfied Guild would carry its discontent considerably further. We have already postulated a supreme governing body of the united Guilds; to this body, in which is vested plenary power, every Guild would have the right to appeal. In the last resort, too, every Guild would have the right to strike, although why they should strike, and against whom, at the moment passes our comprehension.

Disputes would, however, almost certainly play a very small part in inter-Guild relations. To adopt our ambassadorial analogy once more, the vast majority of nations are perpetually at peace with the world, but their ambassadors are none the less busy on that account. Quite literally, tens of thousands of questions would be constantly waiting their answers. Two Guilds, each with a membership of 1,500,000, with enormous trading relations covering the whole country, must of necessity

evolve suitable diplomatic machinery through which their affairs would be regulated.

It is of some speculative interest to consider to what extent red-tape would influence the Guilds. Would the diplomatic machinery here adumbrated tend to increase or reduce red-tape? For ourselves, we do not condemn so readily as some every case of official red-tape. It is as often as not very important and necessary. Nor is red-tape confined to Government departments. We have heard that it takes from eighteen months to two years to get some question affecting policy settled in the Steel Trust. Other large trading organisations are equally deliberate, and rightly so. But between the Guilds two or three difficulties would not arise. In the first place, profits being eliminated, the element of secrecy would disappear. The Guilds would have nothing to hide. Next, there need be no privacy as to the origin of the raw material or the destination of the finished product. Thirdly, the machinery would not be private; it would be open to everybody. The several Guilds, therefore, would always meet each other in an atmosphere of complete frankness. Even their respective policies would be common property, because each Guild is represented on all the others.

A fruitful source of negotiation between the Guilds would be the style and quality of goods bought and sold. Conceivably the manufacturing Guild might say: "We make the article so." The purchasing Guild might reply: "We want it not so, but thus." Then would arise a considerable discussion as to methods, at which we should immensely like to be present. Is the maker or the buyer the better judge? Must the craftsman really produce to meet a demand, or ought he to insist upon the style and quality which he knows are best? And what are the compromises? Probably all such questions as these would be settled by joint Guild committees.

Friction and discussion being inevitable between the Guilds on innumerable points of detail — detail sometimes so large that it almost amounts to principle—would the Guilds formally discuss amongst themselves questions of national policy? To-day, Chambers of Commerce are very chary of entering into political discussion, but the Trade Union Congress has no such compunction. We have already postulated, however, that the Guilds must dominate the economic situation. Therefore, so far as national policy affects or impinges upon the economic function of the Guilds, they must necessarily take official and united cognisance of it. It does not follow, however, that all the Guilds would be affected in like manner by political questions of quasi-economic bearing. One Guild might benefit; another might suffer. Nevertheless, the Guilds would probably find it politic to take united action, and insist upon such modifications of some proposed political policy as would protect any of their number from serious loss or grave inconvenience. Whilst the Guilds were properly taking steps to protect their corporate interests, and whilst doubtless large numbers of their members would support them on general principles, it is certain that equally large numbers of Guild members would exercise their political rights by voting for this or that political proposal on national rather than on Guild grounds. It is important to remember that Guild Socialism does not merge citizenship into Guild membership. A man is a member of his Guild for sound material reasons, and through his Guild his material interests are protected, but his rights as a citizen transcend his Guild membership. In the earlier part of this work we were at some pains to prove that the wage system reduces its victims to "passive citizenship," leaving "active citizenship" to the possessing and exploiting classes. With the passing away of wage slavery, every member of the

community automatically becomes an " active " citizen. This fact is destined to play an important part in the social and political life of the nation. It will create an equipoise between State policy and Guild interests. The Guilds, even when they have unitedly manifested themselves, will never be able to call upon their members to act contrary to their dispositions as citizens.

Another feature of inter-Guild life will be joint conferences of cognate groups, who will discuss not merely their standing in their several Guilds, but new principles of administration, new discoveries, indeed anything and everything of economic interest. There will, for example, be an army of chemists scattered through the Guilds. They will certainly meet to exchange experiences, to test theories by practice, and they will assuredly take all the necessary steps to protect their profession and to secure for it all appropriate amenities. The administrative hierarchies will naturally consult together; upon their all-round efficiency their positions depend, for an industrial democracy will give short shrift to incompetence or slackness; an exchange of views will prove of great value to these administrators, not only in attaining higher standards of efficiency, but in strengthening their positions. We might pass from grade to grade of the Guilds, and find points of contact and mutual interest. The foregoing, however, is a rough picture of our meaning.

XIV

THE APPROACH TO THE GUILD

WHEN organised labour is fully seised of the true meaning and implications of the wage system, we may confidently rely upon a complete change in the objects and methods of the trade unions. For it is inconceivable that men who realise the essential servitude of wagery should spend their time in so ameliorating or modifying it that its existence should tend to be prolonged. If the acceptance of wages is in itself a servile act, and if, as we may reasonably assume, servitude is repugnant to the instinct and reason of civilised mankind, then it follows that the industrial struggle of the future will not be to increase wages, but to abolish them. When the army of wage-earners unanimously declare that they will no longer work for wages (whether they be well-paid or ill-paid), the industrial revolution will have begun. The conclusion to our argument is irresistible : there can be no industrial revolution (and, *ex hypothesi*, no political revolution) inside the wage system.

Another conclusion flows from our argument : wages and partnership mutually exclude each other. A partner, as such, never receives wages ; he may receive salary or pay for work done ; he is not and cannot be a wage slave. His pay is not determined by the competitive wage rate ; he cannot be consigned to absolute unemployment. This incompatibility of wages and partnership applies equally to partnership with private capitalism

or partnership with the State. It is mathematically certain that, if the wealth producers become partners in the work of wealth production, they will have cast off for ever their garments of wage slavery.

We are aware that we have written so explicitly, so confidently, of future developments that we are open to a charge of Utopianism. But there is nothing Utopian in this : it is as certain as a proposition in Euclid. We should, however, prove ourselves pure-blooded Utopians did we conceive it probable, or even possible, that the change from wage slavery to State partnership would be achieved without an intervening period of some form of partnership with existing capitalism. There is no magician's wand to transform at a word wagery into Guild organisation. The process will inevitably be slow : the movement will necessarily be step by step. The obstacles to a swift development are many and great. They are to be found in the subtle strength of capitalism and the inherent weaknesses and inadequacy of labour organisation.

When labour, finally convinced that the wage system spells perpetual servitude, wills to determine it ; when, instead of a multiplicity of sectional strikes aiming at a modification of wagery—higher wages, shorter working days, and the like—labour organises the industrial struggle on the basis of wage abolition, it is certain that capitalism will strive to save itself by more or less spurious proposals to share profits. But profits can only spring out of the margin between the price paid for labour as a commodity and the exchange value of the finished product, such value being dependent (*a*) upon other industries also maintaining wagery, and (*b*) upon a gold standard imposed by the banks. Therefore, capitalism will seek to bribe labour to maintain, or at least to continue, the wage system, undertaking as a *quid pro quo* to share such profits as may be made out of the existing

commercial methods. It is very doubtful if capitalism will fight upon any claim to a fundamental right to engage labour in the competitive wage market, and so keep it permanently enmeshed in wage servitude. The case for Labour's increased share in wealth production is admitted. But the private capitalist has another shot in his locker. He can say to the trade unions that as yet their organisation is imperfect in two important directions. Firstly, they exclude the technical men, the experts, the scientists, all of whom are vitally important factors in wealth production. Secondly, by faulty organisation they also exclude the actual majority of the wage-earners in every trade. How then can the capitalist take into partnership the trade unionists who after all are but a minority, and exclude the other two sections, who form the majority? Nothing easier; he can do it on the principle of "divide and conquer." He can let in the trade unionists by offering special advantages to the trade unionists. But any such advantages are illusory, if the others are kept out. For it is obvious that the excluded wage-earners, the non-unionists, must either be maintained by the triumphant unionists, or, in the alternative, the non-unionist will bear down real wages. Not only so, but the technical men will continue the faithful henchmen of the private capitalist. Thus, unless it is careful, Labour will be lured into a vicious circle—a pretence of partnership, a continuance of disguised wages, rent, interest and profits hardly impaired.

Labour, having grasped the meaning and significance of the wage system, has only learnt its first lesson. When it has mastered its second lesson it will see its way more clearly out of the vicious circle with which capitalism would surround it. This second lesson is that economic emancipation can only come through the elimination of rent, interest and profits. A mere change in the form of remuneration which did not bring in its

train a greatly enhanced standard of life would be a mockery and a snare. There is, however, literally no fund from which to draw this increased means of livelihood except from rent, interest and profits. An increase in the cost of production (the inevitable result of extended profit-sharing) would only exacerbate the existing problem of the fall in real wages. There is now no room in modern economy for rent-mongers and profiteers as well as a well-disciplined and self-respecting industrial democracy. Profiteering can only exist by maintaining the wage system. It is also important to remember that economy calls for a decrease and not an increase in the cost of production and distribution. Labour, therefore, is compelled to say to the exploiter: "Friend, either thou or I must go, and I intend to stay. The world can do without thee; it cannot do without me." The admission of Labour, or any section of Labour, into a profit-sharing scheme, which does not at the same time cut deeply into rent, or interest, or profit, would increase the cost of production and solve no problem. But if capitalism can play the game of "divide and conquer," so also can Labour. If the profiteer finds himself squeezed by Labour, will he not, so far as is possible, save his own skin by squeezing rent and the other forms of unearned increment? But the profiteer's natural affiliations are with rent and interest. If, therefore, he can divide and conquer Labour, he will protect his economic associates; if, however, Labour presents an unbroken front, the profiteer, in a *sauve qui peut*, will sacrifice his sleeping partners. After all, they sleep and he is awake; he is industrially more useful than they.

When Labour has thoroughly mastered the first and second lessons of the new economy, its plan of campaign becomes clarified. In accordance with the first lesson, it will strike at the wage system by declining to work for wages—*i.e.*, to sell itself as a commodity. In accordance

with its second lesson, it will unitedly proceed to acquire for itself all that surplus value which is at present conveyed ("convey," the wise it call) into the pockets of those who sleep and toil not. To achieve this, it must first reorganise itself. It must call into its councils, by sound material inducements, the brains of the trades—the experts, chemists, managers, salesmen, clerks. It must also bring into its ranks that vast army of unorganised labour that at present drags it down to the bare subsistence level. As in the parable of the wedding feast, it must go out into the highways and hedges and compel them to come in.

In its campaigns for the abolition of the wage system and its ensuing absorption of rent, interest and profits, Labour's first desideratum is an unbroken front—unbroken in its intellectual left flank, unbroken in its disorganised and unskilled right flank. If, however, it can bring its brain and muscle into one organisation, or, to be more precise, into one federation of trade organisations, it will have achieved the form if not the substance of a Guild. In negotiation with the profiteers, it is essential that this unbroken front should be rigidly and at all costs maintained. That is to say, the incipient Guild must not only carry out all negotiations, but *as an organisation* it must receive from the profiteers every penny of value extracted from rent and sleeping capital. *This is supremely important, because the wage system will continue until organised labour receives the share of rent and sleeping capital, not through its individual members, but as an organisation.* The partnership must not be between private capitalism and its individual employees, but between private capitalism and the incipient Guild. Unless this rule be rigorously obeyed, private capitalism will ride off stronger than ever, as was the case with the South Metropolitan Gas Company, or the Furness combination on the North-East Coast. It would be difficult

to over-emphasise a point so vital as this. It is fundamental to the new economy that we should cease to create private capitalists, either great or small. But a distribution of profits (extracted not from the consumer but from rent and interest) amongst the individual employees of a manufacturing or distributing undertaking, coupled as it would be with security of employment, would merely be to multiply small capitalists at an appalling rate. It must also be remembered that these small capitalists would have been created, not by their own individual exertions, but by the combined power of their trade organisation, of which they would be numerically a small part. It is the organisation that secured the increase; to the organisation, therefore, it must go. Policy as well as principle dictates the necessity of this. The profit-sharing employees would speedily discover that completely organised labour would never consent to their holding a privileged economic position, but they would also discover that, after all, their permanent interests were allied with the Guild and not with the profiteers. For without the organisation at their backs, the profit-sharing employees would find themselves as liable to dismissal as any other employee. If they took a too intelligent interest in the company's balance sheet, their room would soon be preferred to their company. But with a wealthy and completely organised Guild behind them their situation would be reasonably secure.

Now let us attempt to visualise the first stage in the struggle, after Labour has closed up its ranks. We will imagine a Guild deputation waiting upon the Chairman of the Board and the General Manager of a large industrial enterprise that divides £100,000 a year amongst its shareholders.

CHAIRMAN.—Well, gentlemen, what can we do for you?

DEPUTATION.—We have come to discuss the affairs of

your company, particularly as they affect your employees.

CHAIRMAN.—Are you dissatisfied with the wages we pay ?

DEPUTATION.—You pay the standard rates, but we have decided that our men shall no longer work on a wage basis.

CHAIRMAN.—How do you propose to change or modify it ?

DEPUTATION.—In the first place, the men now upon your pay-rolls must continue there whether you have work for them or not.

GENERAL MANAGER.—This is not a benevolent institution ; we pay your men for their labour, and on your own showing we pay union rates.

DEPUTATION.—Yes ; hitherto we have sold our labour as a commodity. You have bought it at market prices, and out of the difference between what you pay us and the price you obtain for the finished product you pay your shareholders £100,000 a year. We have decided that our Guild must take a more direct interest in your affairs. We are personally concerned in the conduct of your business and in the distribution of your profits. We agree that if we continue to sell our labour as a commodity, we are not concerned with your profits ; but we must now put our persons and our labour on a different footing. For the future, therefore, we propose to assume a partnership with you, and the first step in that partnership is absolute security of employment.

GENERAL MANAGER.—Good or bad conduct ?

DEPUTATION.—The Guilds, in their own interest, must maintain a high level of conduct and skill. If you have any complaint to make, we will deal with it and if necessary discipline the offender.

GENERAL MANAGER.—Pardon me, but we are the employers, and we cannot relegate our duties to you.

DEPUTATION.—As we intend to become joint-partners with you in this business, it follows that we shall be just as much employers as you are.

CHAIRMAN.—On what terms do you propose to assume partnership ?

DEPUTATION.—We supply the labour and take half the profits.

CHAIRMAN.—Are you joking? Do you know that that would mean cutting our dividends in half?

DEPUTATION.—We were never more serious. We do not think your shareholders have earned £100,000; so with your permission we propose to take £50,000. We shall be glad if you would make the cheque payable to the Guild.

CHAIRMAN.—Good God! This is rank tyranny.

GENERAL MANAGER.—Aren't we going too fast? We might perhaps come to some profit-sharing arrangement with our own employees, but what you ask is preposterous.

DEPUTATION.—We do not consent to any private arrangement with your own employees; we will settle with them. You should not call our proposal preposterous; we think it very reasonable. In five years from now, we intend to take another slice of your profits.

CHAIRMAN.—Many of our shareholders are widows and orphans.

DEPUTATION.—For every widow you have amongst your shareholders we have ten. For every orphan you have we have twenty. You have preached fertility to the working classes, you know.

GENERAL MANAGER.—Perhaps you will give me time to consider whether it would be possible to rearrange our prices?

DEPUTATION.—It would only be wasting your time. We cannot consent to any increase of prices because that would only victimise our fellow-workers.

GENERAL MANAGER.—I quite see that; but we do a very large export trade and we might do something there.

DEPUTATION.—Any general increase in the cost of our exported goods would only increase the cost either of foodstuffs or raw material. So far from raising prices, we prefer that they should be reduced.

CHAIRMAN.—At whose cost?

DEPUTATION.—Rent and interest.

CHAIRMAN.—I think I must remind you that I am here expressly to protect the shareholders' interests.

DEPUTATION.—Would your shareholders rather have £50,000 or nothing?

GENERAL MANAGER.—What you propose to do is to reduce by one-half the capital value of this business. That is not only a hardship upon the shareholders, about which you care nothing, but it renders any extension of the business impossible. How are we to extend our trade if you cut off the source of our capital supply?

DEPUTATION.—Come to us and we will arrange it. You will find us, as partners, always glad to co-operate.

GENERAL MANAGER.—You place me on the horns of a dilemma. I am here not only to direct the business but also to protect the shareholders. You now practically compel me to disregard one or other of my functions.

DEPUTATION.—If you prefer to stand in with the shareholders, we have one or two men who could efficiently fill your place. But we have no kind of complaint against you and we would like you to continue where you are.

CHAIRMAN.—I must call an extraórdinary meeting of the shareholders to consider your revolutionary proposals. Until then I can say nothing. I am naturally distressed that the good relations hitherto existing between us should be endangered. I must warn you, gentlemen; that the shareholders will almost certainly reject your scheme.

DEPUTATION.—By all means call together your shareholders, but you, of course, understand that we are quite indifferent what they say or do. Unless our proposals are accepted in a month, we shall close down your works.

Samuel Johnson always "gave the Whig dogs the worst of it," and perhaps in this discussion we have given the exploiters the worst of it. But is there any serious exaggeration in it, providing the Labour ranks are solid, and providing also that the Guild deputation speaks with the full authority not only of the Guild but of the men particularly affected?

If we postulate the rough accuracy of this forecast, a

number of queries naturally arise. First : What would the Guilds do with the money thus captured from the enemy ? How would its members benefit ? We might reply that as the Guilds, even from their infancy (we are dealing with infant Guilds), are democratic institutions, the general membership will know how best to apply its own resources. But there are one or two large considerations even more easily to be realised. A large fighting fund will obviously be necessary. Suppose, for instance, in the imaginary case cited, the shareholders and such retinue as they can command should decide to fight. Suppose, further, that all the employing classes in the particular industry, being presumably welded together (for capital is always easier to organise than labour), joined in the struggle, then a general strike would be inevitable. In our chapter, " The Transition from the Wage System," we have outlined the probable shape the strike would assume. To carry this large and critical strike to a successful issue, large means, as well as perfect organisation and generalship, would be requisite. Until such time, therefore, as the principle of partnership had been universally accepted—partnership the alternative to the wage system—the Guilds must control large funds. But after partnership of some sort had been established, large resources would be equally necessary to reorganise and enlarge the industrial machines. In the foregoing discussion, our deputation promises the general manager that he shall not be stinted for money or its equivalent to enlarge the business. The equivalent in this instance would doubtless be a suitable arrangement amongst the other guilds for facilities, but money would also probably be required.

The answer to the second question—how would the members benefit ?—is easier. Firstly, the members immediately benefit by obtaining security of tenure in their jobs. That in itself is of untold benefit : it strikes

at the root of competitive wages. Secondly, every year a distribution of funds amongst the Guild membership would be feasible—such distribution to be subjected to the maintenance of the fighting and development funds already sketched.

XV

AGRICULTURE AND THE GUILDS

Our libraries are choked with books on agriculture. Its science, economy and commerce have each produced regiments, brigades and armies of ponderous, interesting, dull, light, frivolous, stupid, biased tomes and books and brochures and tracts. The daily and weekly press gives endless columns to market reports, to farmers' meetings, to blight and disease, to all the current agricultural facts and events. All this array of printed matter, differing in all else, has one point in common: the condition of the farm labourer is unanimously regarded as static. He remains to-day the most static of the fifteen million wage slaves of Great Britain, and being the most static, the most hopeless. Foolish politicians, worse than a pest of mosquitoes, drop poisonous nonsense into men's ears leaving with their stings nothing but irritation. They raise little festering sores, which they call "single tax," or "small holdings," or "the minimum wage," or "labourers' cottages." But they all assume that the farm labourer is a static quantity, doomed to lie for ever prone upon the earth, an Icarus who can never again fly. The Labour Party and the trade unions leave the farm labourer to his fate. It would pay them handsomely to spend £250,000 on the organisation of the farm labourer; but Hodge, the cleverest workman of them all, is consigned by his urban comrades to chill isolation. In his Cimmerian

darkness no hand is held out to him—to this man upon whom in the last resort we depend for our food and our life. To the landlord, yes; we pay half his agricultural rates. To the farmer, yes; we protect him with a body of law and custom that makes him almost as independent as his landlord. We even encourage town-bred wasters and starvelings to go "back to the land." Kept in the background of this wild extravaganza, a mere super, stands Hodge, the man who ploughs and sows and reaps, who drains our land, cuts and cleans our ditches, trims our hedges, thatches the cottages, feeds the sheep, tends the lambs, herds the cattle, trains the horses, whose daughters milk the cows and feed the chickens, scald the milk. Whether it be pasture or tillage, it is Hodge who does the work—does his work faithfully and is forgotten.

Farm work is admittedly highly skilled. Why, then, is it so poorly paid? Let us first see the current wages paid to agricultural labourers. We quote from the Fifteenth Abstract of Labour Statistics :—

	Average Cash per Week.		Average Earnings per Week.	
	s.	*d.*	*s.*	*d.*
Northern Counties	16	5	20	10
Yorkshire, Lancashire and Cheshire	16	3	19	8
North and West Midland Counties	15	2	18	7
South Midland and Eastern Counties	14	4	17	3
South-Eastern Counties	15	10	18	9
South-Western Counties	13	11	17	4
Wales and Monmouthshire	13	9	18	0
Scotland	14	2	19	7
Ireland	9	3	11	3

How comes it that we pay these starvation wages to the highly skilled workers of what is still our greatest and most valuable industry? We are not concerned here to trace the history of agriculture through its various permutations from hind and serf, through villeinage down to feudalism, and so to sweated wagery. Only

one point need be emphasised: agriculture is our most ancient and continuing of industries. It has out-lived the Normans, Plantagenets, Tudors and Stuarts; it began before Sheffield and Birmingham were heard of; Manchester and Glasgow are newcomers. In this long course of centuries, customs have rooted themselves in the soil, the whole system has crystallised hard. Not only has the law of diminishing returns operated but rent has assimilated the methods of plutocracy. And Labour has always paid: not the farmer, who still prospers; not the agent, who still drives his gig; Hodge has paid in poverty and rheumatism, with the workhouse as his sanctuary.

The free and easy importation of foodstuffs into Great Britain is apt to blind our eyes to the fundamental value of an efficient agricultural industry at home. With us it has become so much a matter of course that it requires an effort of imagination to visualise our national life without it. These lines are being written in a little town that looks out on the Caribbean Sea. It has a population of 14,000, of whom perhaps 350 are pure white, the rest a medley of aboriginals and negroes. We are hemmed in on all sides by impenetrable forest and mangrove swamps. The people depend almost entirely upon the sale of mahogany, which drifts down the various rivers in rafts of logs. It is Christmas Day and the hiring season for mahogany cutters, who sign on for a year and get months of wages in advance. They are busy spending it on rum. Down the small unpaved streets roll drunken negroes, caribs, coolies, and half-breeds. The gaol close by is full of men who have inflicted grave personal injury during drunken bouts. For breakfast this morning we drank tea imported from England, canned milk imported from New York, canned tongue imported from Chicago, packed eggs imported from New Orleans, marmalade imported from London.

To-night, at dinner, we shall eat canned pork imported from Chicago ; butter, potatoes, beans, peas, turnips, rice, coffee imported from New Orleans, Mobile, or New York. The only food obtained locally is fish. Yet the land is as rich as any in the world. A few miles inland good coffee berries lie rotting on the ground, sugar canes grow for the asking, there is rich pasture for cattle. Rice grows of such quality that some years ago the Japanese Government ordered 250 sacks as an example and a sample. They might as well have asked for 25,000 sacks. Thus we are all paying through the nose for agricultural products most of which could be grown in the country.

Why should this little community be victimised by exorbitant charges imposed upon it by the exporters of America and Great Britain ? Because there is no agricultural industry. But why ? Because there is no labour available. The foundation of agriculture, as of every industry, is labour. The Government is scouring the world for labour, offering wages to negroes, to coolies, even to Sikhs and Afghans, far in excess of the wages paid to the agricultural labourer of proud Britain.

It is here that we hit upon the paradox of agricultural conditions in Great Britain : the industry is economically susceptible of Guild organisation, but the labourers are unorganised and therefore insusceptible.

We remarked that it would pay the trade unions to spend £250,000 on the organisation of the agricultural workers of Great Britain. In 1910, the accumulated funds of the unions amounted to £5,121,529, representing £3, 10s. 2d. per member. £250,000 is roughly one-twentieth of this amount, or 3s. 6d. per member. The low agricultural wage bears down urban wages in two ways : (i) The prevailing rate of wages over a large area influences the wages paid in the towns in that area ; (ii) the low agricultural wage drives young men

into the towns and so intensifies the competitive wage rate. Three shillings and sixpence is less than a penny per week. Would not urban wages be raised a good many pennies per week if the rural worker were so circumstanced that he need not throw himself upon the wage market? Certain it is that if the trade unions do not seriously undertake the organisation of agricultural labour it will become the urgent duty of the Guilds to do it.

Certainly of the Guilds, for the control and supply of food is surely the most important function of such large economic bodies as the Guilds are destined to be. They would be criminally foolish to trust their very lives to the mercy of capitalistic packers in Chicago or to wheat thieves in any part of the world. (Probably by that time wheat-corners will be engineered in Canada.) But there are other reasons: the right distribution of the land and its economic exploitation necessarily flow out of an industrial revolution. With the Guilds possessing a monopoly of labour and refusing to sell it as a commodity for wages, the great landed estates will infallibly be broken up, and land as an "amenity" will lose all its meaning. It will then become the duty of the Guilds to cultivate the land or otherwise put it to economic use. Inasmuch as the Guilds will control the consumption of food-stuffs, it follows that they must ultimately control their production. Industrial Britain covered by a net-work of Guild organisation contemporary with an effete land system worked by wage slavery would be a contradiction in terms: the Guild members would be eating food produced under a régime against which they had successfully revolted. Food so produced would surely stick in their throats.

It is certain that our land system has outlived its usefulness; it can go no further. In 1897, 47,869,000 acres were under cultivation. Notwithstanding the growing demand for food-stuffs by an increasing population,

the acreage in 1911 fell to 46,929,000 acres. We are told that tillage has given place to pasturage as more profitable. It is not true. In 1897 there were 2,070,000 horses used solely for agriculture, mares kept solely for breeding and unbroken horses. In 1911 the number was 2,033,000. In the same period there was only a slight rise in cattle, 11,004,000 to 11,866,000. Sheep fell from 30,567,000 to 30,480,000. Pigs went up from 3,719,000 to 4,250,000. Probably the change in the Irish land system would explain that item. Now let us look at the crop output. Wheat advanced from 56,295,774 to 64,313,456 bushels during the period under review. But this was an abnormal year, for in 1910 it was 56,593,432. In nine out of these fifteen years the crop was under 60,000,000; in 1904 it was 37,919,781 bushels. Barley has a more sorry tale to tell. In 1897, 72,613,455 bushels; in 1911, 57,803,216. Oats fell from 163,556,156 bushels to 162,933,336. Beans and peas fell from 11,900,157 to 11,447,112. Potatoes were more hopeful; they rose from 4,106,609 tons to 7,520,168 tons. Per contra, turnips, swedes, and mangolds went down from 37,164,673 tons to 30,885,112. Hay fell from 14,042,703 to 11,656,471. Hops also fell from 411,086 cwt. to 328,023. Of course all these corn and green crops fluctuate according to the season. The only significance of these figures is that our agricultural industry is stationary when it ought to be keeping pace with the growth of the population.

There are a thousand technical aspects of this problem into which we need not enter; indeed, they are irrelevant, because the problem for the Guilds is to secure the monopoly of labour, and therefore our task is to consider the conditions that govern wage slavery in agriculture. The Guild point of approach to the agricultural problem is first to organise the labourers and then bring them into line with modern practice.

Of course, we know that the farm labourer is intensely conservative; on the wages he receives how could he be anything else? Of course, we know that education must play a fruitful part in building up a fruitful agricultural industry; but of what use is education to underpaid, under-fed, badly clothed agricultural labourers, whose only books are the Bible, Moody and Sankey's Hymns, and Old Moore's Almanack? All this we know; nevertheless, the first step is not improved agricultural methods, not a new incidence of taxation, not improved housing conditions, but the organisation into an effective trade union of the farm labourers.

In 1881 there were 2,574,031 persons engaged in agriculture, including woodmen, gardeners (domestic and non-domestic), nurserymen, seedsmen, and florists. In 1901 the figures were 2,262,454—a decline of over 300,000 agricultural workers in twenty years. But in the two decades the population of the United Kingdom rose from 34,884,848 to 41,458,721—an increase of 20 per cent. Having regard to this natural increase in population is it too much to assume that during these twenty years agriculture has dumped upon the competitive wage market 750,000 men, women, and children? We must not only count the 300,000 who actually left agriculture, but also allow for the natural increase upon an agricultural population of 5,500,000 persons, young and old—an increase that did not go into agriculture because its conditions forbade, and who accordingly left the country and either emigrated or crowded into the towns; 750,000 in twenty years is 37,500 annually. Can the trade unions afford to let this continuous stream of competitive wagery continue indefinitely? The older men who are intrigued with politics doubtless think that some hocus-pocus in the way of single tax or small holdings will stanch the flow. The political labourist is fool enough to believe anything, but perhaps the younger

school of Labour leaders, men who have discovered the political illusion, will understand that the first charge on economic emancipation is ceaseless and effective organisation.

Now is there any reason under the sun why we should continue to pay the landlords £200,000,000 a year for mismanaging and generally muddling land and agriculture? Would it not be cheaper for the nation to purchase the land outright on the basis of annuities for two lives, and to hand over the whole business to an Agricultural Guild? By this means agriculture would become an integral part of our national economic processes. To-day it is largely an excrescence. If we cannot get potatoes, or butter, or what you please, from our farming folk, we shrug our shoulders and buy from Denmark, Holland, or France. Little we reck that in adopting this cynical attitude towards agriculture, we are gradually upsetting the counterpoise between town and country that makes not only for national health, but for national safety. We will say nothing of the psychological or even the spiritual influence of the "good, gigantic smile of the cold brown earth," although it is a factor of supreme moment. But look at France. A large army of Frenchmen habitually divide their time between industry and agriculture. The result is that there is a natural ebb and flow between town and country that makes for the economic stability of the French nation. Would not the same ebb and flow, the same elasticity of movement, beginning at harvest time, prove profoundly health-giving and economically sound in Great Britain? It is certain that the existing commercial system is utterly unfitted for and incapable of any such large arrangement in Great Britain. In France, industry and agriculture are married; in Great Britain they are divorced. But under Guild organisation what could be easier and jollier? Does it strain our imagination to

see the Agricultural Guild calling upon the other Guilds at seed time or harvesting for 100,000 men? Would not such a scheme of co-ordinated labour bring us appreciably back to those great and solemn festivals that mankind from its infancy has arranged to celebrate the gift of creation, of fertility?

We must not, however, permit the joyous vision of a rejuvenated agriculture to blind our eyes to existing realities. The complexities of land tenure, the vast complications of the agricultural market, the vested interests that have grown on and about agriculture in the market towns—you will find the gombeen man in England, Scotland and Wales scarcely different from his prototype in Ireland—render any quick solution of the problem impossible. This at least is true: the Guilds in approaching the problem through the gateway of labour and the abolition of wagery will hold the key to the position. The first lesson to be learned is that Hodge economically emancipated will be Hodge spiritually, mentally and technically transformed.

XVI

THE STATE AND THE GUILDS

ALTHOUGH not unmindful of spiritual values, we have hitherto necessarily been mainly confined to a consideration of the new industrial society, the sequential result of wage abolition. The specific determination of the proletariat to cease selling its labour as a commodity is primarily a spiritual change ; but its spiritual significance cannot be appreciated until we have realised its material concrete setting. This task we have completed so far as it is possible to us. We might conclude our argument precisely at this point, leaving to each reader his own conclusions as to the effect of these material changes upon the spiritual life of the nation. But we must be held responsible for the outcome, spiritual and material, of our own conception of a society reorganised upon our principles. Nor do we desire to shirk it. On the contrary, we are ready to proclaim that reconstructed society will avail nothing unless it produce better citizens. The economies effected in the production and distribution of wealth by the elimination of rent, interest and profits are obviously of incalculable social value, but that value must express itself in citizenship even more than in Guild membership. We have now reached the point where we discover that these two functions may diverge in the affections and person of the worker. As a citizen he may prefer this or that policy ; as a Guildsman his business is to concentrate upon wealth production and distribu-

tion. For the first time in the history of mankind he will clearly understand that nations, like men, do not live by bread alone. The intermixture of spiritual with economic considerations which now paralyses every State action will be, in form certainly and largely in substance, ended. By transferring the conduct of material affairs to the Guilds (not only wealth production but the responsibility for maintenance in sickness, accident and old age) statesmanship is left free to grapple with its own problems, undisturbed and undeterred by class considerations and unworthy economic pressure. This statement does not invalidate our oft-repeated dictum that economic power dominates political power. No nation will continuously weaken itself economically in the pursuit of a purely political policy—that is, so far as industrial policy can be differentiated from political—but in providing the State exchequer with the equivalent of economic rent (the annual charge for the Guild charters) we secure its independence so far as it can rely upon the support of the working population, acting not as Guildsmen but as citizens. As the Guildsman on due occasion remembers that he is a citizen and has duties apart from his Guild, so also on such occasion will the Guilds also realise that the State has functions and duties that cut clean across all lines of industrial organisation.

We may more easily grasp the functional differences between the State and the Guilds if we try to visualise the Guild organisation at work. Picture then a Guild Congress representatively composed of the living elements of Guild life—administrators, experts, the working rank and file—entrusted with the conduct and responsibility of national industry. Sitting as it must do in permanent session, it becomes the directorate of industry. Every Guild and every grade of every Guild is there represented, and to it are referred all the thousands of vexed questions that puzzle the industrial adminis-

trator, the chemist, the inventor, the manual worker. We may be sure that this Congress will of necessity concentrate upon its own concerns. It will develop its own type, just as to-day the trade unions develop a particular type, or the Chambers of Commerce or the various technical associations—civil and mechanical engineers, chemists, iron and steel scientists, textile experts, and others. Imagine all these called into the councils of the Guild Congress, all intent upon the production not only of quantity, but of quality—indeed, mainly of quality, and all equally intent upon the rescue of labour from useless toil and its application to useful work. Out of this Congress would also doubtless develop men capable of high statesmanship. They would naturally be entrusted with all negotiations with the State and, backed by economic power, they would be listened to with something more than politeness. But it is hardly to be expected that the Guild statesmen would all speak with one accord. If they did they could almost certainly impose their will. We may reasonably assume that different schools of thought would spring up in the Guild Congress just as to-day (although more indefinitely) differing tendencies can be observed in the Trades Union Congress. Broadly stated, however, we may be certain that the men who go to the Guild Congress will speedily find themselves immersed in industrial problems and will not greatly concern themselves with affairs of State. In this connection, it is interesting to observe that the Co-operative movement, transacting £100,000,000 of business every year, is managed by men whose names are almost unknown to the public. They concern themselves with their own affairs, although doubtless each man plays some part in the political life of his own locality. However forceful and influential the Co-operative leaders may be in their own economic environment, they are extraordinarily unobtrusive in political affairs. This

does not surprise us, because we know something of the fascination that large industrial affairs exercise upon the minds and imaginations of those engaged upon them. And we doubt not that such will be the case with the vast majority of Guild administrators. It would, therefore, be a profound blunder to assume any inevitable or likely collision between the organised Guilds and the organised State. We can easily imagine that the Guild administrators will be content to be left alone to their responsible tasks, a different man, with a different temperament, being attracted to politics. It is no small part of our case, that when we have successfully disentangled the economic from the political functions, we shall evolve a purer form of politics, with politicians far superior to the type now prevailing.

The problem, then, of the modern State is to give free play in their appropriate environment to the economic and political forces respectively. We have seen that they do not coalesce; that where they are intermixed, they not only tend to nullify each other, but to adulterate those finer passions and ambitions of mankind that ought properly to find expression and satisfaction in the political sphere. It is a quality inherent in private capitalism to dominate and mould State policy to its own ends, precisely as it exploits labour. If the interests of private capitalism were synonymous with those of the community as a whole this danger might be theoretical rather than real. But we know that the assumption of unity of interest between private capitalism and the State degrades the standard of national life and stifles all aspirations towards that spiritual influence which is the true mark of national greatness. But, whilst the separation of the political and economic functions gives equipoise and stability to the State, nevertheless the policy and destiny of the State, in the final analysis, depend upon its economic processes being

healthy and equitable. For this reason amongst others, the State, acting in the interests of citizenship as distinct from Guild membership, must be adequately represented upon the governing bodies of the Guilds.

With the achievement of a healthy national economy, the problem of statesmanship will be to transmute the economic power thus obtained into the highest possible social and spiritual voltage. Before we can understand this we must distinguish the two sets of functions. There are those who take a tragically short view of statesmanship. They assert that the organisation of the Guilds (or some similar bodies not as yet defined) suffices : that, once the workers are in complete command of the economic processes, they can manage affairs of State, as though these were a mere item in the activities of the Guild Congress. Let us, then, after allocating every economic activity to the Guilds, consider what remains in the political sphere. Its problems will hinge upon one or other of the following : (i) Law ; (ii) Medicine ; (iii) The Army, Navy and Police ; (iv) Foreign relations ; (v) Education ; (vi) Central and Local Government and Administration. To these we might add the Church, which, by the way, is a Guild.

(i) Probably no man living can forecast the future of law and the legal profession. It is common knowledge that lawyers are the most securely entrenched trade union in the world. But the most remunerative legal practice is in the protection and administration of private property—chancery work, conveyancing, joint-stock law, patents. In short, wherever the law gives sanction to private exploitation, there will the lawyers be gathered together. The abolition of wagery *ipso facto* abolishes exploitation and so renders nugatory all that vast body of law relating to rent, interest, and profits. In addition, we are surely not romantic in assuming that a large part of criminal practice will also

go. We may reasonably assume that crime that springs out of poverty will largely become a memory. Further, such criminality as remains will be treated far more scientifically than to-day. Still more difficult is it to foresee how far the Guilds will govern themselves by standing orders, internal rules and regulations without legal registration. Industrial law to-day mainly relates to master and servant (abolished obviously with wagery), factory laws relating to sanitation, hours of labour, employment of women and young persons, fencing of machinery, and the like (clearly the affair of each Guild), sickness, accident and old age (by hypothesis transferred to the Guilds) It may or may not be that the rights of individual members of the Guild are given legal sanction; on such a point it would be futile to speculate. It is evident, however, that a considerable proportion of existing legal occupations would lapse. But against this we may fairly set the fact that the legal mind has its value in any community, and whilst the demand for it would necessarily change, the legal habit would prove its usefulness. It is to-day customary for large corporations, notably the railways, to keep their own lawyers on the premises, so to speak. Perhaps in this may be seen the germ of the lawyer's future employment. But so far as the State is concerned, it is certain that it will still be concerned with law—law-making and law-administering.

(ii) The practice of medicine differs in many ways from that of the law. It pervades the individual and family life from birth to death. It is true that so also does law, but not in the same intimate sense. It does not depend upon any particular legal interpretation of property; its interests are not bound up with property, but rather with the person. Probably the doctors will be among the first to constitute themselves into a Guild; but as preventive medicine depends for its success both

upon law and administration, the Medical Guild will become responsible to the State, and not to the Guild Congress.

(iii) Without discussing the tangled problem of militarism, this at least may be affirmed: the strength and organisation of our military and naval forces are necessarily dependent upon State policy. We may further assume that our wars of aggression in the interests of the profiteers will automatically cease. But there is always the danger that the profiteering elements in States not developed to the Guild stage may force war upon us in their own protection. We do not expect this, because we believe that the way out for other nations threatened by our superior Guild organisation (from which the handicap of rent, interest and profits has been removed), will be to follow our example. Superior economic methods have inevitably won in the long run, whether in civilisation or savagery. It is inherent in human association. So long then as the maintenance of an army and navy be deemed (rightly or wrongly) necessary, and bearing in mind that it is finally determined by State policy, it follows that the State, acting for its citizens, must be the instrument by which that policy is declared.

(iv) Nor can it be doubted that our relations with other nations will become more intimate, more complex, perhaps more difficult than under existing dynastic conditions. In a previous chapter ("International Economy and the Wage System") we have outlined the future of the Consular Service under the Guild organisation of society. Problems of international exchange, backed by State credit, must become the daily work of the consuls, who would be the representatives of the State and through the State of the Guilds. In every consular office, Guild representatives would buy and sell, transforming the value of the labour units (the guilder) into

whatever may be the currency of the country in which they are situated. When we remember that our foreign trade exceeds £1,000,000,000 annually we may glimpse the future of our national economic diplomacy. It is not improbable that the Consular Service may be transferred to the existing Board of Trade, whose functions would be so enlarged as to make it the channel of communications between the State and the Guilds. But we must not assume that international exchange will be the only duty of our diplomatic machinery. Endless problems loom up before us even as we write —subject races, tropical medicine, the monstrous problem of the white and yellow races, race intermixture, tribal government, spheres of influence, there is literally no end to them. Again, then, we find in diplomacy one of the most important of State functions. And upon right and informed diplomacy depends in large degree our influence upon the comity of the nations.

(v) The subject of education is too large to be discussed cursorily. A chapter must be devoted to it.

(vi) The administration of central and local government is obviously State business, because it is common not only to all the Guilds as corporations, but to their members as citizens. Central and local policy must be conditioned by the liberality of the budget and the spiritual insight of statesmen. We have already argued that the State must be maintained by levying precepts upon the Guilds for the annual amount budgeted. This amount is what we have roughly described as the equivalent of economic rent. Not the least of State duties will be the care of those remnants of the human wastage now thrown upon the scrap-heap by our present industrial system. These unemployable members of society must be regarded as victims and not as criminals. We make no doubt that they will be so regarded by a community

socially so cultured as to form Guilds. In regard to local government, it is certain that it must play a large part in providing for the comfort and the amenities of an economically emancipated people. It must be finally subject, not to the Guild Congress, but to Parliament.

It would be easy, of course, to enlarge the list of the functions and duties of the State as distinct from the Guilds. It is only necessary here to mention enough to prove how disastrous it would be to rely only upon the Guilds in the making and administering of the law. We do not forget that many duties are on the borderland between State and Guild. There is, for example, the Postal and Telegraph Service. Are the postal workers properly members of the Civil Service, or are they more naturally in fellowship with the Guilds ? Do they really belong to the Transit Guild, or ought they to be kept as a separate service under the command of the Postmaster-General ? We would certainly argue that they are civil servants. But if they possess a monopoly of the labour required for this service, it is they and not the Government who will dictate their status.

Broadly stated, these are the reasons for our belief that the State, with its Government, its Parliament, and its civil and military machinery must remain independent of the Guild Congress. Certainly independent; probably even supreme. That will ultimately depend upon the moral powers and cultural capacity of the nation's citizens. Having solved the problem of wealth production, exchange and distribution, we may rest assured that a people thus materially emancipated will move up the spiral of human progress, and that out of that part of this movement will grow a purified political system, in which great statesmanship will play its part.

XVII

EDUCATION AND THE GUILDS

NOBODY acquainted with the system of education prevailing to-day can doubt either that we have reason to be profoundly dissatisfied with it, or that for the present no one appears to be able to make a constructive suggestion. The blame for both conditions has been laid now upon the teachers, then upon the department, now upon the system, and then upon the curriculum. But in truth, while in a measure everybody is to blame, the real fault lies in the same error we have found to be underlying our political system generally, the association of economic with political ends, and the confusion of civic with industrial functions.

More clearly in our educational system, perhaps, than anywhere else are the fruits of this evil relation visible; for even while we write, the controversy, first begun in the persons of Herbert Spencer on the one side and Matthew Arnold on the other, still rages with varying fortunes in the direction, at one period and for a little while, of a humane and civic ideal, and at another in the direction of the technical and scientific. What, we are asked for six months of the year, can the end of education be but to produce the well-balanced mind, the all-round citizen, the man of the world? And what, for the other six months we are asked, is the value to himself or to the State of a citizen untrained in any craft and unable therefore to employ the complex in-

strument which modern society puts into his hands? It is indeed a controversy in which judgment must necessarily sit suspended, for each side not only defends itself with complete reason but destroys the other with equal reason. To the plea that education is for life in general, the technical instructor can reply that life in general is impossible without technical skill; and to his plea that technical instruction to be effective must be begun early in life the humanist can reply that, society being no longer a stable system of castes and crafts, an early instruction in any technique whatever may actually unfit our youth for the occupation to which they may be called.

Thus envisaged, the controversy both theoretically and practically is seen to be endless; and since, for the present, no way out has been suggested, we appear to be doomed to oscillate in our national education between the humanistic and the technical, between the civic and the industrial, between the literary and the commercial; with small satisfaction to either party, and with disaster in the end to the nation as a whole.

In the proposals we have been outlining in our former chapters, we have, however, come upon a principle, the application of which to education promises to be as fruitful as its application to politics and industry in general. It will be seen that our aim has been to separate the subordinate function of industry (subordinate but indispensable) from the more general functions of the body politic; and this we have suggested might be best effected by the State delegating by charter to the producing Guilds the power and therewith the responsibility of national industry.

But if this apportionment of the duties as between the State as a whole and the Guilds as autonomous but limited functions of itself, is possible, the same principle carried into the sphere of education would equally well

determine the relative provinces of civic and technical education. For it is plain that as duly authorised and charged with the responsibility of skilled industry, the Guilds at the same time would become responsible for the technical training necessary in each of their crafts. And while they would thus be responsible for technical training as such, the State as a whole would have the duty of civic education in general.

This, then, is our solution of the existing difficulty. To each of the Guilds we would give the duty of providing, not only for its existing but for its future members, the means of technical training necessary to the welfare of the craft ; while to the State we would leave the duty of providing for its future citizens by means of national education the training necessary for citizenship.

That this plan is at once practical, desirable, and desired, we do not think that much reflection is necessary to prove. Proofs of the fact that it is desired are to be found in the evidences already existing, of a profound and irreconcilable difference of opinion between the supporters of the two contending schools of thought. The humanistic, we may say, will *never* be content to be subordinated in their ideals to the technical ; and on the other hand, less and less as time goes on will the technical consent to be subordinated to the humanistic. Thus the elimination from each of the other is desired, and desired equally by both parties. On other grounds also the separation we speak of is desired, as may be seen in the attempts, on the one side, to restore apprenticeship and, on the other, to extend the age of the purely literary education. What, in effect, dictates these contrary purposes but the instinctive recognition that each is right in its own place, and that only together are they incompatible ? Still more clearly the revival of the idea of apprenticeship demonstrates the desire existing

in the practical mind to recover for the crafts of to-day the traditional skill that individual apprenticeship secured for a previous generation. We conclude, without further examination, that the independence of each of the two areas of education is desired by all men.

That it would be proved desirable and a wise national course to pursue follows, we think, from the general principles we have already examined. It is impossible to doubt the duty of the State to its individual members and its future citizens. It is equally impossible to doubt that the humane education thus postulated is incompatible with the ideal *pursued by the same authority* of a technical education as well. We speak from a long and wide experience when we declare that with two ends in view no authority, State or private, can fulfil one or the other with any satisfaction of either. Is it the case that under the prevailing compromise of contrary ideals, the education provided by the State is satisfactory to the humanist? It is not. But then it must be satisfactory to the technical manufacturer and the commercial man? But equally it is not. On the contrary, both parties complain, and each with excellent reason; and the cause is to be found, though neither knows it, in the double object pursued by an administration competent in one but not in two.

Remains now the practicability of the course we have suggested. In the first place, let us say explicitly that for the present we have no designs upon the system of education beyond the existing elementary and secondary limits. It may be, and it probably will be the case, that as the bases of society are changed the superstructure (the whole being organic) will change with it. From elementary to secondary and from secondary to university the stages will not be divided by almost impassable barriers, each to be surmounted only by

favour and fortune. The formation of the Teachers' Register, the creation of a single profession, that includes the don with the pupil teacher is, in fact, a recent symbol of the future unity of education we must needs all have in mind. But our modest purpose at this stage is to throw upon the State the duty of a minimum of civic education only, such as must necessarily be supposed to qualify a youth to become in the full sense a citizen of the nation. And this minimum, we are disposed to think, might be best assured by the State charging the National Union of Teachers with the powers necessary and the consequent responsibility to society for carrying it out. It will be seen that in this respect our suggestions are at once conservative and revolutionary. They are conservative in the sense that they would restore the *intention* of national education to its original definition when popular education was first introduced—that of educating children for worthy citizenship. And it is revolutionary in these two respects, that it would abolish from our national schools all the technical elements that have pushed their way in; and vest in the teachers as a body the delegated duties now entrusted to the State Department and the teachers individually. Surely this, we say, is neither impossible to imagine nor difficult to carry out. Whoever speculates on the future of the Teachers' Union must realise that, as it grows in power by its numbers, it will also grow in experience and in the ambitions experience brings. It may not be the fact to-day that the Teachers' Union is equal to the task of demanding or even of accepting the position of a Chartered Guild for the training of young citizens; but he would be lacking in the historic as well as in the contemporary sense of values who denied that this future is most probable. And what is there practically against it? It is the business of the Army to make war and of the Navy to

defend our coasts and sea-borne commerce. These commissions necessarily carry with them the delegation of vast powers and almost of autonomous authority. Yet they are discharged by and with the authority of the State, and to instructions generally but not particularly given. If, in a panic-ridden age like ours, such terrible powers may be given to these professions and without fear, the gift to the teaching profession of the power to carry out the national instructions in the matter of education is no less possible and practicable. We believe, indeed, that no body of people in the State are better fitted to be entrusted with the duties of a minimum civic education than the Teachers' Union. Certainly no State Department, even though co-operating with local authorities hand in glove, is equal to the task as the Teachers' Union is equal to it. For at best the authorities are two removes from the actual problem of the child; while the Teachers' Union is immediately and daily in contact with it. On the principle that they are best fitted to control their services who discharge them, the Teachers' Union is plainly marked out as the subordinate partner of the State to preside over the whole field of national civic education.

Turning now to consider the practicability of delegating technical education to the Guilds, we must observe at once that the question has in principle been long settled. Despairing of ever securing through the civic authorities the special schools necessary to their trade (and especially in the absence of the old apprenticeship system), the skilled trades, mainly by means of their masters, have almost without exception each established for themselves technical schools, ranging from technical skill simply to the highest training in applied science. It is true that, owing partly to lack of collective foresight, partly to the hope still entertained that, after all, the civic authorities may do it for them, none of the skilled trades

has yet organised systematically its own training over the whole of the country and industry; and, what is more, the present obstacles to this systematisation are insurmountable since, under a competitive system, all the employers in any industry cannot equally profit by a collective system of endowed technical training; and, again, civic authorities will never, as we say, provide it wholly for them. But on the hypothesis we have advanced that each industry is a collective monopoly, responsible for its craft, wherever and whenever practised, its interest in establishing a system of training for its recruits is obvious; and the necessity would become all the more urgent provided, as we suggest, that the curricula of the national schools be cleared of technical and commercial instruction. And, pursuing our principle, who, in fact, would be better fitted to provide and to direct the craft schools than the Guilds practising the crafts and responsible for them? If profiteering masters, at war with each other and with their employees, have nevertheless been able to supply thought and funds for the establishment of technical schools, even though only here and there, what might we not expect from a Guild, including in a single group the scientific, the technical, and the skilled men all in co-operation, and collectively responsible for their crafts present and future? We imagine, indeed, and with confidence, that time will prove us right, that the technical schools of the future Guilds will be one of the chief prides of the craftsmen of the future. We shall see them devoting their funds, their intelligence and their emulation to the creation of a system of special schools, designed at once to attract recruits as they leave the civic schools, and to train them to the greater glory of the craft they have chosen. For in no penurious or compromising fashion will a Guild set about the work of transforming its occupation into a craft and its craft into an art. On the

contrary, as Morris foresaw, the spirit of the Guild will make of workmanship a sacrificial service; and all the more readily if the State supplies to its hand the youths trained in the humanities in the civic schools.

XVIII

CONCLUSION

It cannot now be doubted that the commodity theory of labour is at the root of present discontent. However this theory may be sincerely held by profiteers and economists, it remains a trick by which labour is defrauded. Its historical justification we leave to others; the best that can be said of it is that it is a good custom that has corrupted the world. The *entrepreneur* has doubtless had his function in the earlier days of the industrial system; perhaps he has played a necessary part in the economic integration of society. But when the psychological moment arrives, when the vast mass of the wage-earners perceive the inherent dishonesty of a system that robs them of two-thirds of the value of their labour, from that moment not only is that system doomed, but its destruction is at hand. And it follows that its essential dishonesty bears in its train ethical evils not easily measured. We may affirm with good reason that the unrest that now stirs the pool of the capitalist Siloam is an unconscious protest against the wage system that condemns the great majority of mankind to economic servitude and spiritual prostration. But this protest only becomes reasonable and irresistible when the workers consciously base their claim upon the fundamental fact that to sell labour as a commodity is a degradation; that to reduce the untiring efforts of mankind to the level of cotton and coal is a crime and a

sin against the Holy Ghost. The work, then, that lies immediately before us is to impress the wage slave with the modern analysis of wagery. Herein does the coming revolution differ in essence from all previous revolts and insurrections. They appealed to new Cæsars; they were political, or racial, or national; the new revolution must be based upon an æsthetic and ethical proposition—the certain demonstration that the value and significance of human labour are not in the same category as the inanimate elements that go into wealth production. A commodity is something that has exchange value; labour is priceless, and, therefore, its value cannot be expressed. To give it any parity with copper or timber is to reduce it to a chattel—in practice, although not in form, to chattel slavery. It is a curious comment upon slavery, or even peonage, that the owners did not distinguish between the bodies and the labour of their slaves. In their pseudo-patriarchal way, they believed that the human body and the labour residing in it were one and indivisible. The modern industrialist disentangled the one from the other. He put a value upon the labour and, so long as he could procure it in abundance, bodies might rot and souls be damned, so far as he was concerned. Could he extract labour from the dead, then corpses would be at a premium, and the embalming trade supplant medicine and surgery. The release of the human body from the economic demand for the labour inherent in it marked the beginning of political democracy. The return of labour to its natural habitat in the human body will mark the beginning of an economic democracy. When the labour of the worker once again becomes part of himself, then wherever his labour goes he will go too, entering into and owning its fruits. It will have become a vital part of himself—the instrument of his destiny; it will have ceased to be a commodity.

We must not allow the comparative simplicity of our analysis of the wage system to blind us to its rooted acceptance by the majority of mankind. It may seem monstrous that such should be the case, but we must remember that the social conscience has by long usage become inured to it. The Christian Churches, notably the English Nonconformists, are now betraying deep concern at the dehumanising effects of wagery. They have spent the last twenty years in proclaiming nostrums to cure the thousand evils that palpably spring out of it. Yet nowhere, so far as we know, have the fathers and elders of these Christian communities denounced the wage system and called for its abolition. Amelioration of wage conditions, yes; wage abolition, no. We need not impute bad faith because of this; the simple truth is that they live upon wagery as did their fathers before them. Even to the end there were Christian leaders who defended slavery. It is only too evident that the conscience of those who live by exploiting the conscience is blunted and insensitive to the wickedness of wagery. Nor are signs wanting that those who denounce wagery and seek its abolition will encounter the denunciation of the Christian leaders. We mention these facts, not in bitterness, but rather to show that men may, and do, fail to see the simple solution of social horrors. The complexities of modern life confuse and unnerve them. The struggle for the rejection of the prevailing belief that labour is a commodity will be both prolonged and bitter. Necessarily so; for, apart altogether from the fact that the social conscience yet slumbers, wage abolition *ipso facto* carries in its train the abolition of rent, interest and profits.

We shall have failed in our purpose if we have not carried our readers with us in this: that the fund, out of which rent, interest and profits are paid, disappears automatically when labour can no longer be procured as

a commodity. It is only out of the difference between the net cost of labour and the price of the finished product that these charges can be paid. No class willingly allows itself to be displaced, and we may be sure that such a powerful combination as the possessing classes can command to-day will exhaust all its resources in threats, cajolery, and even physical force, before it will capitulate. But its most powerful weapon will be the accomplished fact. It can claim that the industrial system, with all its imperfections, at least is a going concern, and it will be entitled to ask for the alternative scheme. Unless, therefore, labour sets itself to its constructive task, it is certain that the profiteers will continue in possession.

We have not shrunk from offering our own constructive proposals. Some critics object to the name "Guild." They aver that the mediæval Guilds were employers' combinations, seeking a monopoly. In America the term connotes a self-contained and selfish group of craftsmen. To be sure there is little in common between the mediæval Guilds and those we have pictured. Yet they have one important common factor—monopoly. Whilst the early Guilds sought a trade monopoly, the modern Guild must be built up upon a monopoly of labour. The name has, in fact, evolved itself. We could not use the word "union," because that implies a combination of manual workers—proletarians; whereas the Guild we have predicated is a combination of all the industrial and commercial functions—wage, salariat, administration. This labour monopoly is the only possible alternative, in present circumstances, to the wage system. There is yet another reason why the use of the word "Guild" is appropriate. Not only was it, in other days, a palladium of economic liberty (masters and journeymen being of the same social status) but the Guilds carried on the work of the world almost undis-

turbed by wars, party factions, or politics. Their function was economic; they fed and clothed the community when kings and politicians would have starved it. Here then is a sign for the modern Guild: it must confine itself to the material purposes of life, in the sure and certain hope that if it build up a healthy economic community, a healthy national life will develop.

It is not without significance that the Guilds flourished in Europe contemporaneously with those in England. Had precisely the same industrial structure persisted down to the present time, it is certain that there would be to-day national and international Guild Congresses. Arrangements would have been made to give each other trade preferences, and they would undoubtedly have exchanged with each other such finished products as were peculiar to any special Guilds. Perhaps—who can tell?—they might to-day be doing the work of the Co-operative movement. But we have deliberately chosen the national Guild as the model. For two reasons: local Guilds would be altogether ineffectual and inappropriate to modern requirements, whilst, having regard to the simple geography of modern conditions, a national Guild is the most effective unit to perform both national and international tasks. In regard to the first point, it must be remembered that the Guilds are to take over from the State every economic responsibility—old-age pensions, compensation for accidents, sick pay, insurance of every kind, as well as the regulation of hours of labour and a complete control of output. It is obvious that if this great programme is to be carried out, the responsibility of each Guild is necessarily national: no purely local Guild would be equal to such a burden. In the old days there were literally thousands of Guilds; we need only visualise fourteen producing Guilds plus the Civil Service. From the standpoint of efficiency and economy, a national

Guild is logically inevitable. Nor is it less imperative when we look beyond our own shores. In our foreign trading relations the Guilds will evolve two wholly different policies. We confidently predict that the other industrial countries will quickly follow this country in adopting the Guild organisation. They will be compelled to do it whether they like it or whether they hate it: the fact remains that, immediately Great Britain sloughs off the handicap of rent, interest and profit, no other nation could continue with that burden. Therefore there will be an international Guild policy, the Guilds of France, Germany, Holland, Belgium and America mutually agreeing to interchange their commodities. Thus would be realised the beginning of the federation of the world which the poets have carolled about but never understood. The Trusts for the past decade have been feeling their way to international if not to cosmopolitan capitalism. The Guilds are destined to destroy the Trusts both nationally and internationally. The Trusts would enslave mankind by binding it with perpetual tribute; the Guilds would ensure economic liberty and so unloose the bonds of the spirit. But we must also deal with nations and communities not yet economically developed. They will in all human probability continue the wage system for generations. With these, the Guilds must evolve a system of exchange based upon some common denominator. In our chapter, "The Finance of the Guilds," we have declared that Guild labour must not be measured by the gold standard; we must reach a labour unit to which gold is unrelated. But in international exchange, particularly with economically undeveloped countries, it is just possible that gold may remain the medium of exchange. Not because we wish it; the long-established custom of metallic exchange may compel it.

There is yet another reason why the national unit

must be adopted. It is not impossible that the success of the Guilds in Great Britain may lead to grave complications. The profiteers throughout the world might conceivably be strong enough to force some Government—Germany, Russia, who knows ?—to declare either economic or military war upon us. The revolution involved in wage abolition is stupendous ; its effects circle to the outside edge of the world, uprooting old customs, destroying vested interests, and menacing systems of government and religion. It is therefore supremely important that the change into Guild administration should be backed by a convinced national consciousness that we march into a new and infinitely more noble era. We do not anticipate any such crisis ; on the contrary, we believe we shall show the way where others will gladly follow.

Remain to be considered the problems, disappointments and vexations of the transition period. We think that we have repeatedly indicated our belief that the struggle will be long and arduous. But before facing such a struggle it has been necessary first to expose the real elements of the wage system upon which is built modern industrialism, and to demonstrate that a new industrial structure, free from the evils of wage exploitation, is possible. This double task we hope we have accomplished. We have resolutely set our faces against any Utopian scheme ; we have realised that historic continuity is in the blood and brains of the British people. We have therefore taken industrial society as it exists to-day and considered its possible development after the labour commodity theory has been rejected. There is absolute unanimity amongst social thinkers of every school that the trade unions are undoubtedly the natural nuclei of future industrial organisation. From such a cautious observer as Mr. Charles Booth to the most extreme member of the " In-

dustrial Workers of the World," the labour union is always the starting-point, whatever may be the journey's destination. Now there is no way known to us to abolish wagery except by first securing the monopoly of labour by the workers' organisations. Therefore the first stage is the widest possible extension of trade unionism. We have accordingly urged the trade unionists to concentrate upon industrial organisation. Some preliminary steps must first be taken. The unions in each industry must either coalesce or federate. Next, they must spend money and men upon compelling every worker in the trade to join them. To spend a million sterling upon this object would be money fruitfully expended. Take, for example, the agricultural labourer. We have urged the established unions to spend £250,000 upon agricultural organisation. They would get thrice that amount returned to them in a couple of years if only they would do it. At the time of writing, over £100,000 has been spent upon the Dublin lock-out. From the English point of view this expenditure will bring no return. Yet who grudges a penny piece of it? But if £100,000 be thus spent upon a temporary conflict, how vastly more important is it to spend ten or twenty or one hundred times that amount in solidifying labour into a fighting unity? Since 1905, Labour has probably spent at least one million pounds upon its political adventure. During that period, as we know, real wages have fallen. How infinitely better would it have been to have expended that money upon the same organisation of labour to the extent that every union would be blackleg proof? In considering, therefore, the possibilities of the transition period, it will be granted that there is nothing unreasonable in expecting an early movement towards industrial solidarity by the unions. And we know that there is no shortage either of money or men to achieve that purpose. Perhaps in one important particular there is weakness. There is no

central committee with plenary powers. This means that there is no effective leadership. In another respect, too, is there weakness. Too many trade union leaders dissipate their power by indulgence in politics. If they are economically weak, it is foolish to make pretence of political strength. We know only too well by painful experience that political influence is precisely what economic strength can make it. But, from the trade unionist point of view, economic strength can only be measured by its approach to labour monopoly. The workers' property is not their labour but (in existing circumstances) the monopoly of their labour. The unions are now travelling quickly, not only towards co-ordination of their moral and material forces, but towards quick decision to meet crises that suddenly arise. Out of this new order of things we may expect a higher statesmanship and a more efficient administration.

The rise in the cost of living during the past decade has led to serious heart-searchings amongst the salariat. They are fast beginning to question whether, after all, they cannot procure more butter for their bread by co-operation with the unions rather than by subservience to the profiteers. The railway clerks, for example, are rapidly following in the train of the other railway servants. We should not be surprised to see them federated with the unions before long. There is no section of economic society in so perilous a situation as the salariat. When the right moment arrives, it will be an easy task for the unions to force it into communion, if not into organic membership, with organised labour. In the meantime the unions would be well advised to open their doors to all the clerks in their own industry. The salariat is divided between accountancy and technique. The skilled superintendents and experts must in due course also choose between the profiteering present and the Guild future. Their numbers are comparatively few,

and a considerable portion of them hold precarious positions. Nevertheless, their knowledge and experience will prove of great value in the coming reorganisation of society. It is to be hoped that labour will meet them in no niggardly spirit. But looking squarely at the problems presented by the present sectional interests of the salariat and administration, we think their solution is easy. In any event, even to-day, there is a great reserve of technical skill and administrative capacity in the ranks of the workers, and we might conceivably contrive matters without their assistance if finally they elect to support the profiteering system.

That the Guild organisation is both practical and feasible has been proved beyond cavil by Mr. Henry Lascelles. Mr. Lascelles is an experienced railway administrator. He knows, probably better than any other living man, the difficulties and intricacies of railway administration. Having studied the principles of Guild organisation, as stated by *The New Age*, he gave it as his deliberate view that they were not only practicable but capable of immediate realisation. Confining himself to his own occupation—railways—he sketched out a complete plan, partly transitional, partly final.[1] In the considerable controversy that has arisen upon the Guilds, nothing has given us greater confidence than the considered opinion of this expert. We esteem it a stroke of good fortune that he dealt with the railway system, because undoubtedly the transit workers hold the key to the position. But others have not been idle, and we may shortly expect studies relating to the mines and other industries. If then we have not dealt in great detail with the transition period, it is not because we feared it, but because we felt that each industry must produce its own leader to conduct it across the Rubicon.

Just as we anticipate a peaceful acceptance of the

[1] See Appendix III.

Guild organisation by other countries, when once it has been established in Great Britain, so also do we anticipate the final capitulation of the profiteers in our own country. After all, what have they to fight with? Against the united decision of labour never again to sell itself as a commodity how can they contend? Would they import foreign labour? Where are the ships which would bring it across the sea? If they contrived a shipload or two of foreign blacklegs, how would that help? Falling back upon their undoubted legal rights to the instruments of production and distribution, what could they do? Force starvation upon the population? That would not help them; their dividends would be gone beyond redemption, and their property would be valued as scrap iron. No; undoubtedly they would seek for some compromise. They would adopt a policy of wise salvage. For our part, we would help them in this. We have already suggested that in exchange for their present possession of land and machinery, the State might give them, as rough-and-ready justice, an equitable income either for a fixed period of years or for two generations. Actuarially, it would probably not matter which course were adopted. But all these probabilities do not absolve the unions from adopting more modern methods of industrial warfare. Strike pay to the individual, based upon contributions, must give way to rations based upon the size of each family affected by any dispute, small or great. And in every dispute the workers must decline to recognise any fundamental distinction between rent and profit. If the profiteers force industrial war, then let the rent-mongers suffer with them. Therefore we have advised the strikers to make it a fixed rule that during a strike or lock-out no rent must be paid, nor must the arrears be paid when peace has been proclaimed. The logic of our argument leads to another important conclusion:

if wagery be the enemy, then it is futile to strike merely for some modification of it. Every strike, therefore, should specifically aim at a change of status. In practice, that means at some form of partnership. And the Guild theory involves partnership in industry by the unions and not by the individual members. In no circumstances must the individual members of the unions be permitted to detach themselves from their natural and economic affiliation by isolated profit-sharing arrangements. Not only would such a course of action dissipate the strength of the unions, but it would perpetuate rent, interest and profits, when the true union policy must be to absorb them.

Whilst it is a fortunate fact that the Guilds will take over a living and not a derelict concern, whilst the intensely interesting problems of qualitative and quantitative production will remain to be solved, not from consideration of profit but of society's needs and welfare, the new order will receive as its *hereditas damnosa* the human wastage of the existing industrial system. We are not appalled at the prospect, although we have no wish to underestimate its difficulties. If the Guilds are to be efficient and economically sound, it is evident that membership in them must connote a standard of skill and ability greater than that now prevailing. The standard will be fixed with a due regard for the work to be done and the number of workers available. The present pauperised and criminal population will have to be sorted out into its component parts, with results that no man can foresee. But our approach to the problem will not be as magistrates or policemen; it will be as physicians fully imbued with the knowledge that our submerged population are the victims of a system to which they were a practical if "regrettable necessity." Therefore to cure and not to punish will be the policy adopted. And this beneficent work will

probably be best left to the State. Let us rejoice that the task will be but transitory. With the Guilds in being, we are probably only one generation removed from becoming a community sound in spirit and body, with a new lease of fruitful life.

If during our long inquiry into the wage system and in the preoccupation of working out the rough elevation of the Guilds, we have mainly confined ourselves to economic considerations, we trust we have not been unmindful of the spiritual bonds necessary to the enduring structure of society. They labour in vain who would build only with material things. Behind the work of man's hands are imagination, faith, spirit, and soul. Better would it be to lapse into national decay if we can only show the peoples of the world a symmetrically perfect system of wealth production. But we have already argued the vital connection between economic and moral life. Poverty of the body almost invariably bodes poverty of soul. If, as a community, we can construct a new national economy, we may be sure that the same energy will carry us into realms of the spirit not yet explored. For we call into activity a slumbering population of infinite possibilities. The thousand spiritual and intellectual problems that will face us in the future may confidently be left to a body politic no longer dominated or biased by economic pressure of a sectional or selfish character. We shall at least have provided an arena where great men can work; the rest we leave to Fate.

APPENDIX I

THE BONDAGE OF WAGERY

AN OPEN LETTER TO THE TRADES UNION CONGRESS OF 1913

GENTLEMEN,—We address ourselves to you because it is tacitly understood that the Trades Union Congress applies itself, more or less exclusively, to industrial affairs. Several years ago your Congress founded the Labour Representation Committee, which quickly developed into the Labour Party as we know it to-day. To it you referred your purely political questions. Not so very long ago, so greatly did labour politics loom up in your imagination, it was suggested that the Trades Union Congress might advantageously be abolished and the Labour Party left as the sole governing body. There is an alluring quality in politics that distracts men's minds from the material problems of life. It needs strength of will and spiritual discipline not to be enticed away from the actualities that beset us in our daily work. It is because your Congress addresses itself to these actualities that we venture to discuss with you the most important aspect of your daily lives—the question of wages and the necessity for the abolition of the wage system.

In the first flush of excited satisfaction that followed the General Election of 1906, and in consequence of the marked deference paid to the Labour Party at that time, a great number of serious and loyal Labourists

sincerely believed that the conquest of political power was at hand, and that the conquest of political power was a condition precedent to the conquest of economic power. They accordingly contended that there remained no vital function for your Congress, because you concerned yourselves only with the industrial, that is (roughly stated), with the economic, problems that daily confront you. If political power was really the precursor of economic power, then it was obviously the duty of every Labour man to concentrate upon the acquisition of political power. Nevertheless, your Congress is this year the largest and most representative ever held, whilst political Labourism is distinctly at a discount. It is rather curious, is it not ?

It is not in the least strange to those who watch the industrial movement in a spirit detached from parliamentarism. The reason why your Congress this year is stronger than before is precisely the same reason why all glamour has departed from parliamentary Labourism. You, to-day, are strong in self-defence against the incursions of capitalism, and instinctively your constituents have realised that the real struggle is on the industrial plane, and that parliamentary manœuvres are futile to stay the downward course of real wages.

We have not the slightest wish to offend any sentiment or bias which you may have in regard to parliamentarism ; but it is supremely important that you should firmly grasp the essentials of the present industrial situation. Let us then briefly recapitulate the main facts of Labour's history since 1906, the year when Labour first appeared in any strength in the House of Commons. You will remember that during the first two Sessions your representatives were treated with exceptional deference and consideration. In the third Session they found the sentiment of Parliament distinctly hardening against them. Since 1910 they have been practically

ignored. Have you seriously faced this important fact? Have you inquired into the reason of it? You, of course, know better than we do that the spirit of capital is a curious compound of shyness and savagery. It is extremely shy and diffident when faced with the unexpected or unknown; it is extremely savage and relentless when it has discovered that the unknown has no terrors, and that its economic power remains unimpaired. And that is what happened in the Campbell-Bannerman Parliament. The Labour Party, over forty strong, was a strange and unexpected phenomenon. What did it mean? Did it portend an economic revolution? Or was it a mere flash in the pan? Whilst these questions were being pondered by those who control our political machinery, the Labour Party was treated with immense respect. Gradually the exact facts became clear to the political leaders, with the result that the Labour Party sank in political value, and finally were regarded as negligible.

What were the facts which unmasked the pretensions of parliamentary Labourism? They may be summed up in a phrase: Rent, interest and profits were unmistakably increasing; real wages were declining. Therefore, argued the parliamentarians, why worry about the Labour Party. They do no harm in Parliament, and they apparently divert their constituents' minds from the more important factors, namely, profiteering and wage slavery. As long as rent, interest and profits can rise 22½ per cent. and real wages fall by 7 to 10 per cent., there is obviously no fear of any revolution. Let us, indeed, encourage the wage-earners to play with politics and to forget the industrial struggle. Gentlemen of the Congress, your Labour Party has been a very expensive amusement.

Now let us state the case in pounds and pence. Luckily, just before you meet, the Board of Trade have

opportunely stated them in an important report which every delegate should possess and study. It was in 1906 that Labour went in force into Parliament. Since that date how have the workers fared? Remember, it has been a period of extraordinary prosperity. Every test proves it—Income Tax, Clearing House returns, imports, exports. Yet during that period your wages have actually fallen. Nominally, your wages have risen 6 per cent. or thereabouts; but real wages, that is the purchasing capacity of your money, show a decline of 15 per cent.; so that your wages, in the average, have declined 9 per cent. In the same period, the profiteers have increased their incomes by 22½ per cent. per annum. This Board of Trade Report gives particulars of rents, retail prices and wages in eighty-eight different towns in the United Kingdom in 1905 and 1912.

We will quote the facts relating to such of these eighty-eight towns as return Labour members. They are Barrow-in-Furness, Blackburn, Bolton, Bradford, Derby, Halifax, Leeds, Leicester, Manchester, Merthyr, Newcastle, Normanton, Norwich, Sheffield, Stockport, Sunderland, Glasgow, Dundee. Compared with 1905, the combined rent and retail prices in these Labour constituencies are as follows :—

	Per cent. Increase.
Blackburn, Bolton, Stockport	16
Sunderland	14
Leicester, Normanton	13
Bradford, Halifax, Manchester, Norwich	12
Leeds, Merthyr, Newcastle, Oldham, Sheffield	11
Barrow, Dundee, Glasgow	10

We have been assured thousands of times in recent years that the cause of this increase in the cost of living is landlordism. This report makes it perfectly clear that the real enemy is the profiteer. During this period rents increased 1·8 per cent., whilst prices advanced

13·7 per cent. When, therefore, your manufacturing employers and their satellites, the single taxers, invite you to attack the rapacious landlords, kindly remember that these same manufacturers are extorting far more out of you than the landlords.

Concurrently with this conscienceless rise in the price of your living, how have you fared in the matter of wages? In the trades common to all these towns we discover that the mean percentage increases in rates of wages in all the towns are: Building trade, skilled men 1·9; labourers, 2·6; engineering, skilled men, 5·5; labourers, 3·9; printing trades, compositors, 4·1.

Is it not evident that you cannot contend with an economic movement such as this by parliamentary means? Surely it is an industrial problem, pure and simple. Consider! Whilst Mr. Philip Snowden has been busy pamphleteering and lecturing on woman's suffrage or national finance, the cost of living in his own constituency has advanced 16 per cent. Whilst Mr. MacDonald has been on a Royal Commission in India, the cost of living in Leicester has advanced 13 per cent.; whilst Mr. Parker sat upon the Marconi Committee, in the interests of parliamentary purity, the cost of living in Halifax went up 12 per cent. Probably Mr. G. H. Roberts was too busy acting as whip of the Labour Party to notice that his own constituents were being plundered to the tune of an increase of 12 per cent. Whilst Mr. Keir Hardie has been gallivanting over Europe and America, talking old-fashioned and extremely ignorant State Socialism, his Merthyr constituents have been "had" by an increased 11 per cent. You must seriously consider whether the meat is worth the salt. Frankly, and in the face of facts like these, if you place the least reliance upon political means to achieve industrial freedom, you are criminal fools. Criminal, because millions of your fellow men and women

depend upon you for guidance in their industrial affairs.

If, then, parliamentary methods have failed to bring to you any measure of economic freedom (we now know with complete certainty that you are economically weaker since you entered into the parliamentary adventure), it is well worth while to know the reason. Broadly stated, you may take it as definite and certain that Parliament responds to economic power and ignores economic weakness. If you would be strong in Parliament, you must first acquire the requisite economic strength in factory and workshop. The men who own and control not only the wealth, but the machinery (human and material) that produces wealth, will inevitably control and guide our national affairs. This has been the case from the very beginnings of human association, and will so continue until the Judgment Day. We have, therefore, repeatedly urged the wage-earners never to forget the formula that *economic power precedes and dominates political power.* The failure of parliamentary Labourism is, in consequence, primarily due to the palpable fact that economic power resides in the employing classes, who, being in a position to exploit your labour, possess and control wealth, and therefore govern you. From this conclusion there is no escape.

The ancient and searching question again comes home to you : What must you do to be saved ?

At the risk of appearing either intellectually arrogant or priggishly superior, we can answer that question with certitude. You must so organise yourselves on the industrial plane that the wage system can be abolished. To men and women who have lived their lives in an atmosphere of wagery, and who regard wagery as something inherent in daily life, to suggest its abolition sounds Utopian or a counsel of perfection. We are writing this letter, hoping that we can convince you that to abolish

wagery is entirely practicable. Please remember that capitalism depends upon the wage system, but you do not. So long as you have skill to produce wealth and organise its distribution, you are entirely free from and independent of profiteering.

It is first and foremost necessary that you should have a clear understanding of what wages are. Wages are the price paid in the competitive market for labour as a commodity. A wage is not a salary; it is not even pay; nor is it remuneration. Salaries and pay and remuneration are for individual services rendered. Individuality, the human element, enters into these rewards for services rendered; but wage is the market price of a commodity called labour. It is an impersonal thing, not human, not inhuman, rather non-human. This labour is found inside your bodies and in your hands and arms and legs and muscles, just as ore is found in the earth or fruit on the tree. Being discovered inside you, the men who want to exploit it, precisely as they would exploit any other commodity, buy it from you, precisely as they buy ore from landlords or corn from farmers. If it be scarce, then the price of the labour commodity is high; if it be plentiful, its price is low. In Europe in general, and Great Britain in particular, labour is plentiful, and accordingly it can be bought at a price that merely ensures its continuance—that is, at a price that enables you to live and to reproduce yourselves, daily by food and yearly by children. In its callous disregard of the sanctities of life, modern capitalism is only matched by the slave-owners of previous generations. It is fundamental, then, to the argument always to remember that wage is the price paid for labour *as a commodity*. It is not paid to you as human beings, made in the image of God; that consideration never enters into the minds of the profiteers. They merely buy a quality, a force, inherent in you. To them it is

nothing more and nothing less than a marketable commodity.

Observe carefully the consequences that flow from the theory that labour is a commodity. The profiteers buy it from you (at a bare subsistence rate) and accordingly claim possession of all the wealth subsequently created by the labour which you have sold for a mess of pottage. Now it is in wealth, in property, that economic power resides, and the result is that whilst you are kept in wagery (which is only one remove from slavery and closely related to knavery) the possessing classes remain the governing classes and do not care a fig for your Parliamentary Labour group. Indeed, they look upon it with indulgent contempt.

What must you do to be saved? And as salvation obviously depends upon your capacity to destroy the wage system, how must you set about it?

There is only one way to destroy wagery, and that is to determine never again to sell your labour for wages. Labour to you is something more than a mere commodity. To you it is your property; it is the only instrument or weapon in your possession whereby you can achieve economic emancipation. Therefore you must claim the absolute disposition of that labour power and possession of the wealth created out of it. But you cannot do this unless you possess a monopoly of that labour power. Here, then, we come to the special function of the Trades Union Congress. First and last, it is your business to organise the working population in such a way that this labour monopoly can be acquired. We warmly congratulate you upon the large accessions to your numbers in the past few years. But you have, as yet, barely begun. You do not yet muster more than one in six of the working industrial army. We invite you to take the necessary steps to bring under your influence every working man and woman in the United Kingdom. You cannot do this

without money. But you have money that runs to millions sterling. We seriously urge you not to spend that money upon strikes that merely mitigate wagery, but to spend it upon a great campaign (including a house-to-house canvass) to acquire a complete monopoly of labour and then to abolish the wage system altogether. You will need to spend £250,000 on spreading unionism in the industrial centres and another £250,000 in organising the agricultural wage slaves. You have already spent (and largely wasted) over £100,000 on a daily paper. If you can manage £100,000 for so small a purpose, are you afraid to spend five times—aye, or ten times—that amount on achieving an industrial revolution? Make no mistake about it: the next revolution is the abolition of wagery and the constitution of Guilds for the purpose of creating wealth and equitably distributing it. We entreat you to forget such purely external things as parliamentary politics, and to concentrate upon wagery and the way to destroy it. Your executive body is inaptly styled the "Parliamentary Committee." Give it imperative instructions to forget its name and to get to the main purpose of your fellowship—the inclusion and sane organisation of every man and woman who works with head or hand. The Board of Trade Report, to which we have alluded, proves with deadly accuracy that you are at a critical moment in your history. We believe that in your own way you will rise to the occasion. We venture to remind you that you have not much time. A trade depression may be upon us in a year or two. That would add enormously to your difficulties.

Perhaps the greatest obstacle you will encounter will be a kind of oriental fatalism convinced that no human effort can frustrate the economic movement. The increase in the cost of living is the result of human effort directed to that end. Had you been strongly industrially organised you might have resisted this attack upon your

means of living. Take Leicester, for example. It is represented in Parliament by Mr. J. R. MacDonald, your political leader. Between 1905 and 1912 rents rose in Leicester 6 per cent. Food and coal rose no less than 15 per cent. Had Mr. MacDonald devoted his time and abilities to organising an effective resistance to this special form of capitalistic plunder, do you not think he would have been more profitably occupied than in mixing with the governing and exploiting classes in India? Duty, like charity, begins at home, but the eyes of the fool are upon the ends of the earth. In Ireland, they successfully resisted the depredations of the rent-mongers; in America, they successfully organised against the rise in the price of meat. But there is no glory in detailed local struggle; there is no drama, no opportunity to strike heroic attitudes. Not the least of the curses that parliamentarism brings in its train is an insatiable hunger for the limelight. Your parliamentarians are as touchy on this point as music-hall artists. The pity of it! In any event, this fact stands sure: When one class consciously seeks to plunder another class, conscious resistance is a duty and a possibility, unless those plundered are tame slaves and actuated by servile instincts.

You are fully justified in retorting upon us with the question: What is our alternative to the wage system?

During the past two years we have been at great pains to elaborate a constructive programme to be followed after the wage-earners had repudiated wagery. We will endeavour briefly to summarise our argument. Let us suppose that labour in this country were so completely organised as to constitute a monopoly. On one side we should have the profiteers possessing the machinery and the land; on the other, the army of workers in complete possession of the labour. Obviously,

a dead-lock. What would be done ? The State Socialists would contend that the way out would be for the State to purchase the assets and to work them. But the amount of money involved in the purchase would remain a permanent charge upon labour equivalent to the existing rent, interest and profits. Labour would be no better off. Worse remains : the State would have to maintain the wage system because there would be no other means to pay the interest on the purchase price. Does that puzzle you ? It is really quite simple. All rent, interest and profits come out of the difference between the price of labour as a commodity and the selling price of the finished product. If, therefore, Labour had organised itself to abolish wagery, it would naturally reject the overtures of the State to continue the wage system. There would, therefore, be no fund out of which to pay interest to the discharged profiteers. This is the fatal objection to State Socialism. It predicates purchase, the purchase price to be a national debt, paying interest in the usual way. It must therefore equally predicate the continuance of the wage system. Worse still remains to be told : the State would find that the cost of production would so seriously increase as to put it out of action in the world's market. Every serious student has now finally discarded State Socialism, either as an economic improvement upon existing capitalism, or as a cure for the ills of wagery. Nevertheless, the present owners of the plant and machinery are entitled to recompense. Our own proposal in this regard is to pay them a reasonable annuity for two generations. It is, at least, rough and ready justice.

We fear that our argument seems to you to tend towards Syndicalism. Fundamentally, we do not accept Syndicalism because it argues for the possession by every union of its own land and machinery. To this we do not assent, because all wealth—particularly plant

and machinery—belongs to the community, and does not, and ought not to, belong to any particular group. We would accordingly vest all industrial assets in the State, to be leased by the State to the appropriate Guilds. This lease would be in the nature of a charter.

We can now see the beginnings of a new order of society from which the wage system has been eliminated. In this new society the Trades Union Congress may become the nucleus of an industrial parliament—the plenary committee of the federated Guilds.

You, perhaps, are now curious to know what we mean by a Guild. A Guild is the combination of all the labour of every kind, administrative, executive and productive in any particular industry. It includes those who work with their brains and those who contribute labour power. Administrators, chemists, skilled and unskilled labour, clerks—everybody who can do work—are all entitled to membership. This combination clearly means a true labour monopoly. The State, as trustee for the whole community, by charter (the terms being mutually agreed upon) hands over to this Guild all the plant, material and assets generally cognate to the industry. The Guild must be national in its organisation and ramifications. In mediæval times the Guilds were local. The railway and telegraph and telephone have annihilated time and space and killed the old sense of locality. Thus we have a labour monopoly married to the mechanical means of wealth production. In our opinion there ought to be about fifteen of these Guilds covering the vast majority of the working population. They would mutually exchange their products, referring all difficulties and all questions of policy to the general committee of the federated Guilds, a body which ought to descend direct from the Trade Union Congress.

What, in these new circumstances, would be the substitute for wagery? Has it ever struck you that soldiers

never receive wages? They receive pay—officers and men of all ranks. What is the distinction? Mainly in this: so long as a soldier belongs to the Army, he receives pay whether playing or working. He does not sell his labour as a commodity; his labour is not marketable, and there is no profit on it. In like manner, every member of a Guild would receive pay whether working or playing, employed or unemployed. (It is only in this direction that any solution of the unemployed problem can be found.) The Guilds would be absolute masters of their own economic affairs. They would themselves undertake certain duties now clumsily undertaken by the State—insurance, compensation for injury, sickness and old-age pensions. It would not be wise to elaborate here too many of the details of Guild organisation. Our present purpose is to urge you to concentrate upon the wage system and to understand the evils that flow out of it. We have felt it necessary to go one step further to prove that modern capitalism, founded as it is upon wagery, is by no means the last word in social or industrial organisation.

The transition from wagery to the national Guilds will be a period of thrilling interest far transcending in its intensity the artificial excitement of present parliamentary politics. The work calls for men of strong will and clear judgment. There is a coterie of thinkers who now assert that capitalism has finally subdued our population into a servile state. We have not only intellectually combated that view but have passionately resented it. Our belief in the principles of democracy remains unshaken. We believe that out of the mass of the working population can be developed genius and character as great as can be found under any aristocratic or autocratic system of life and government. Above all, we know that the British worker is the finest fighter in the world when once his interest has been touched, his

passions aroused, and his imagination quickened. In the struggle that lies before you, all these qualities will be requisitioned. When you are convinced that what we have here written is substantially true, we have no doubt of the issue.

APPENDIX II

NOTE.—The following articles, by a practical expert on the subject of railway administration, were contributed to *The New Age* and are here reprinted by permission. Without committing ourselves to any of the detailed suggestions herein offered, the series is valuable from the evidence it affords that the guildisation of our railways is, in the opinion of an expert, not only theoretically but practically possible. Similarly detailed schemes, we may say, have been or are in course of being drawn up for other industries.

TOWARDS A NATIONAL RAILWAY GUILD

BY HENRY LASCELLES

I

"IT is significant that the trend of trade unionism to-day is towards the universal organisation of crafts. The latest—and, incidentally, the largest in the world—is the National Union of Railwaymen. Substitute Guild for Union, and, along with this, change the idea of subordination for the idea of partnership, and the Guild system will have begun."

Few who have read and pondered *The New Age* articles on Guild Socialism will have done so without feeling intense and sympathetic interest in the subject, and the principles advocated will be looked at by different individuals mainly from the standpoint of their possibility of application to the industries of which they themselves have intimate experience. Thus the Guild ideas have appealed to me as eminently practicable for adaptation to railways in particular.

The paragraph quoted above is confined to railway trade unionism, but if we look higher there will be found commercial organisation in other grades of the railway services which could be inoculated and adapted to the Guild system. Serious difficulties are to be encountered, but I foresee none greater than those which have been, or are constantly being, successfully combated in the building up and perfecting of the transit business, whilst the advantages to the community and the workers would be enormous; still my purpose is to indicate at least one consideration of vital importance in approaching the "guildisation" of the railways, and concerning which I confess to not feeling optimistic.

The railways of the British Isles are only made possible of management to-day by a system of specialisation from top to bottom, and as this system is only vaguely known to the general public it is useful briefly to describe it.

The National Union of Railwaymen typifies the outside or uniform staff which is more or less well known, coming as it does in contact with the business public, but at present the "cloth" remains outside trade unionism, and is little known.

In the first place, wide divisions have been adopted on the different railways, a few of which are: General managers, secretaries, goods, mineral, passenger and parcels, carriage and wagon, solicitors, engineers, estates, horse, signal and telegraph, audit and accountant, stores, advertising, police, steamship, hotels, etc. One department is fairly typical, and a sketch of the goods department, the ramifications of which are perhaps the most extensive, will best serve the purpose of illustration.

At a goods station the work is sectionised somewhat after this manner: Inwards (goods received from other stations); outwards (goods for forwarding to other

stations); accounts, abstracting (where statements or "returns" are made to auditor or accountant, and to railway clearing house on traffic the earnings upon which concern more than one company); warehouse rent and wharfage, bill of lading, etc. (at ports), grain, mineral; and other sections varying with the system of management, the size of the railway, the importance, situation and staple trades of the town where the station is. Each of the sections will have its head, and all of them will be more or less presided over by a chief clerk of the station, but above him the real head will be the goods station agent.

Passing upwards from the station, whose staff is or should be actually in contact with the movement of goods, we next come to the district goods manager's (or district goods superintendent's) office. This office will most likely have some sixty stations of varying sizes and descriptions under its control as to goods business, although it may possibly be that passengers and parcels transit is also included. The office will be sectionised into staff, claims, rates, demurrage, trains, general, etc., the staff of each being under separate specialised heads, and under one chief clerk, the control of all being by the district goods manager, who thus knows all that is worth knowing affecting the goods business of his sixty or more stations.

In the case of a large railway there may be from half a dozen to three times that number of district goods offices in various parts of the country, which in turn come under the government of a chief goods manager.

The sections of a chief goods manager's office are nearly enough described by repeating all the district office sections and adding a few more, such as outdoor, indoor, operating, commercial, Continental, etc. The chief goods manager is responsible for his department to the general manager and directors, which remark also

applies to the heads of others of the various divisions first mentioned; though the goods division has no exact prototype in the other departments, as their ramifications are not so great.

There are flippant members of the travelling public who know exactly how railways should be managed, but as they are not of any account I may say that an intricate and delicate organisation of huge dimensions is in the hands of able officials, and it is around the selection of officials that my present remarks centre.

To-day there are definite interests to be served in the shape of the shareholders, who appoint directors to watch those interests; and the directors, personally or by relegation, appoint the officials. One of the most important, if not *the* most important, function of the general manager is to see that suitable men are found for the various positions of consequence, that there shall be no round pegs in square holes (the big holes at any rate). Everything depends on this, and in the main, having regard to the interests to be served, it is done exceedingly well, notwithstanding that judgment may often be vitiated by agnation, self-interest, or outside interference. It would be better done, too, were the general manager able to devote more of his time to acquainting himself personally with the staff as far downwards as he could possibly reach. Moreover, it is done very simply: a vacancy arises, the immediate superior recommends to the powers above a suitable person for the place if he can, or if not he asks for such person to be found elsewhere. The recommendations are usually regarded where the general manager or directors have not themselves knowledge of eligible nominees. Under State management purely it might be equally simple and efficient, but what would it be under a national Guild?

The ideal method would be the democratic one, but, in actual practice, most cumbersome and erratic. Agnation and its kindred evils might be avoided, but at what cost to efficiency !

Why does democratic election of representatives to Parliament, city councils, town councils, etc., result in selection of gramophones instead of men ? I suggest it is because the democracy have no knowledge, or very little, of the qualifications which should be required of their representatives.

Democratic election in the case of the heads of lower branches would do, for the important reason that those branches know what is required ; they know who would make a good cartage foreman, shed foreman, foreman porter, inspector, or ganger, because they know the duties, and are not to be confused by claptrap ; but as to the full merits necessary in a station agent, district manager, goods manager, general manager, chief accountant, engineer, their knowledge is as limited as it is concerning the qualifications of a Secretary of State, and they are as fitted to elect him as to elect a poet-laureate.

It might be argued that each grade should elect its head—elevation by one's peers—but the partial development of the peers themselves after spending years of their lifetime in one narrow line, where flunkeyism or silent indifference insubordinates them, and where repression by superiors contribute, makes them unfitted for forming broad judgments. True, after many years of Guild development, when short hours and less pressure upon both men and officials, and higher standards of living have been attained, an improvement might be expected.

No ! I think that in the first stages, except where the duties of the selected are confined to one department, and not to the supervision of various departments of

different natures, the appointments must continue to be made from above. The writer has a practical and lengthy experience of railway management, and could name half a dozen capable officers, any one of whom could undertake the guildisation of the railway system in less than five years, if given a reasonably free hand.

II

The future development of railway administration in this country lies in the direction of unification of management of the numerous privately owned lines. Whether this is to be done under private enterprise, by State ownership, or through guildisation, must be settled sooner or later.

From the separate interests, the commercial and travelling public have exacted facilities and concessions in advance which should only have been given concurrently with unified organisation. Faced by ever-growing demands, and hampered by parliamentary restrictions (the illogical effects of many of which are easily demonstrable), the separate railways have had imposed upon them an intricate system of interchange workings, the wonder of which is that it has not become cumbersome to the point of impracticability.

From illustrations of the complexity of railway management to-day, the reader may see what problems Guild Socialism would solve, whilst leaving men who have the technical training of a lifetime free to anticipate and solve the lesser difficulties to be expected in the building up of a National Railway Guild. A passenger books a first or third-class ticket from a south of London station to a destination in Scotland; it may be ordinary, "excursion" or "tourist"; it is improbable that it would be a "season" ticket. He might possibly travel in a south of London company's carriage all the way

and the train be hauled by one, two, or even three different companies' engines. Consequently, although the fare is paid in one amount, each company must receive something for its work proportionate to the service given. The division between the companies of an ordinary fare differs from that of an excursion fare, and a tourist fare from both. The mileage travelled over each company's line varies, and the allowance paid to a company for providing a first, third, or composite carriage for the journey is not the same. The ownership of the engine or engines which haul the train has also to be taken into account. Notwithstanding all this, a fair share of the amount paid for the ticket is given to each company.

Take another case : A fortnight's specimen copies of new novels have accumulated and are sent to a reviewer for review. The sender consigns the books by goods train, carriage to pay. As most of the productions will consist of lurid sex novels, and the total weight be about five tons, they should be loaded in a gunpowder van ; but as the companies decide what are inflammable goods by chemical analysis only, and not by literary examination, they are actually loaded in an open wagon, sheeted and roped and labelled. On their arrival, because they are not worth a paragraph in *The New Age*, they are refused, sender is wired for disposal instructions, but has disappeared, and the goods are sold to defray expenses, realising waste-paper prices.

The charges are divided amongst the companies having regard to a few small details, such as the miles of line of each company passed over, after crediting extra amounts in the case of specially expensive bridges, viaducts, tunnels, London lines, and short lines which have cost more than the average to construct ; the carting done at the stations of the two different terminus

companies; the stations provided by the two terminus companies; the station work done (loading and discharging), credit to the company furnishing the wagon (according to its description and dimensions) and tarpaulin; credit to the company for delay to the stock at destination. We will leave out sea freight, Customs duty, port charges, boatage, lighterage, and warehousing. In the end the carriage charges are treated as a bad debt, and the waste paper proceeds divided. The wagon, tarpaulin, and ropes are sent back, and a record is kept of the dates and hours these are passed from one company to another, forwarded from sending station, and received at destination. All this is done on both journeys.

These divisions of receipts occur by the hundred thousand. To say how they are arranged would be more tedious than it is to describe the need for it.

The genius that has evolved and made possible the smooth working of such arrangements could, if released from the solving of these and similar complex problems, initiate a National Railway Guild, and be as successful in overcoming difficulties yet unforeseen, but of a far less difficult character.

The time is ripe now, but once let rot set in through the physical and moral decadence which would assuredly follow permeation by the sabotage so glibly spoken of by some of the prophets of syndicalism, and the opportunity will have gone in this country for ever—the men would be past spiritual redemption.

III

Readers of a deductive turn of mind will already have formed some idea of the amount of national wealth (and potential wealth as represented by mental and muscular energy) which is dissipated through the exist-

ence of disintegrated companies which should naturally form one organic transit system. What causes, we may ask, have militated against the railway interests, powerful as they are, securing parliamentary sanction to amalgamate the large trunk lines at least, seeing that concurrently with such sanction concessions in rates and fares must have been accorded, or the *status quo* preserved and labour demands met from income ?

We can safely assume that if better and cheaper transport facilities were a real and pressing need of the trading community as a whole, economic power would so dominate political power as to secure its ends. But better and cheaper transit than that already supplied is not a vital necessity. So far as cheap travelling is necessary to business it already exists. Traders' contract tickets are issued at specially low charges upon the condition that the business passed by the firm over the line of the company which issues the ticket reaches a fixed annual value per ticket granted. Accredited firms only receive these tickets, and their credentials are " traffic."

All-round cheaper rates for goods (including minerals, livestock etc.) would be of small advantage in that the percentage of reduction which could be made would be infinitesimal, and could not have an appreciable effect in the direction of improved trade or profits. In other words, the percentage of the selling price which is due to carriage is not great, though of course this cost does enter into all productions. Stability in railway charges is on the whole more essential to business purposes, and an all-round reduction would carry many of the disadvantages to traders which accompany general increases such as the four per cent. advances recently made. Comprehensive reductions unsettle prices quite as much as advances.

The incidence of railway charges is, however, another

matter, and everything here is favourable to the big concerns. They have seen to it in the past that the incidence shall fall as lightly as possible on those best able to bear heavy charges. Low rates obtain for large quantities and for staple trades. Goods from London to the provinces, and *vice versa*, delivered to the railway companies in the evening, are in turn delivered by them with precision to doors of the receivers early the day following. Goods trains between large towns are timed like passenger trains. In all these matters the biggest houses get the best attention.

When it has been possible to play off company against company, even to the point of receiving expensive and unremunerative services, is it to be wondered at that traders would oppose the building up of a private monopoly in railways which might ultimately be powerful enough to dispense a justice which is not wanted? Though the trading community is not one huge combination, it has its chambers of commerce and its associations, and in matters of policy there is always the fatal listening for wisdom from the men of the greatest wealth.

If stability in rates is a desideratum, precision in transit and deliveries is a necessity, and when this was in jeopardy, and, in fact, when transit had stopped altogether, traders were bound to see the logic of accepting increased rates to enable advances in wages to be given. Railwaymen's wages, low as they are in some cases, can always be favourably compared with wages in other lines of business, whilst railway dividends do not exactly overshadow coal, cocoa, soap, alkali, wool, cotton, provisions, and other dividends. The greater the share of public plunder, the better the possibility of reasonable wages.

It is with railways as with smaller business concerns, prosperous times mean more generous treatment of

staff. The more money out of the public wealth, the more unearned income to shareholders, the more wages to employees.

It should not be necessary to argue that amalgamation of lines would mean less cost of working. Any one knows what would be the effect on the Stock Exchange of an announcement that several large lines were about to amalgamate with parliamentary sanction.

The advantages are clear. Of what, then, do the disadvantages consist besides those to many of the trading community of which I have just spoken? The cry would be (to the public) violent displacement of labour. This is not a sound objection, as it would be easy to safeguard displaced labour by requiring compensation to be paid, and ensuring that labour economies should only be effected by such reductions in staff as arise by simple effluxion of time; and in this I am not overlooking casual labour.

The soundest objection is that private interests would be gratuitously presented with large accessions in dividends for which not the least exertion had been made by them in the public good.

An unsound objection, and one which would be silent, is that a large section of the trading community is directly interested in and pecuniarily benefited by waste. Contracts for materials would undergo a reduction in quantities needed to be supplied. Savings even of waste come out of some interest, and these are the interests to be "sacrificed." Again, prices do not rule contracts, as a railway company is bound to give the most tender consideration to the large houses, who can give or withhold business from the company at their pleasure.

The objections I have indicated to private monopoly of railways are not exhaustive, but enough has been said to justify our consideration being next given to State ownership.

IV

When anti-Socialists have comprehended the simple principles they combat, and have been fair enough not to obscure the issue, they have revealed such a poverty of material at their disposal that in anticipating the probable effects of State ownership of railways one has unfortunately to assume that the commercial mind has few or no effective arguments to be put forward openly against nationalisation of industries in general or railways in particular.

Curiously enough as it may seem, however, Socialists themselves may well object that their experience of State ownership has not accorded with socialistic principles.

Their avowed object is to secure to all workers the full reward of their labours, and it would be useless to blink the fact that in socialising (say) the post office, by the State, and the tramways, or gas, or water, by the municipalities, this object has not been achieved.

Labour incident to postal service, or to socialised tramways, gas, or water, has not been rewarded by its just share of the public wealth, and the "unrest" of the workers in these industries is scarcely less acute than in other businesses.

The cheapening of the postal service, street travelling, gas, water, etc., has appreciably reduced the working expenses of commercialism by contributing to the cheapness of labour; and the standard of comparison of labour's remuneration when State or municipal employees agitate for less irksome conditions, is always the wages paid by privately owned concerns.

If it even be conceded that the State or municipal worker is usually comparatively better circumstanced than similar private labour, this merely proves that a

partial progress has been made; and the effect of the doles given to commercialism by means of cheap services or cash payments in relief of rates is lost sight of.

Penny postage might become universal with foreign countries and be of wide benefit, yet be quite the reverse to the postal employees themselves. Parenthetically, foreign penny postage will only become universal when it has first been found of some moment to trade, *i.e.* when the large foreign merchant houses see in it increased profits to themselves and have political sense enough to demand it.

It is the height of inconsistency for any party professing the doctrine of "the earth for the workers" to point, except within well-defined limits, to cheap street travelling and doles in relief of rates as "benefits" conferred by municipalising tramways, or to universal penny postage as the outstanding "benefit" of the State post office, unless they mean benefits to interests which they profess to combat.

The unholy desire of the proletariat for cheapness in everything plays effectively into the pockets of the dividend pensioners.

It may be taken as a foregone conclusion that if nationalisation of railways could not be resisted by the trading community they would seek to turn it to account by demanding unreasonable concessions in charges and facilities with the certain knowledge that these would benefit their own pockets by contributing to maintain the wages of labour as near to subsistence level as possible, and the appetite of the proletariat for cheapness would ensure their willing and pathetically misguided support.

The conservative instinct of the propertied classes is against the restriction of their fields of operation by State enterprise, but the very tardiness of progress in

extensions of State ownership gives them ample time to turn these almost entirely to private profit.

In a former section I have shown that amalgamation of privately owned lines would be a step forward, in the sense that saving of waste is increased national wealth. State ownership could not fail to show some advance upon this, encroaching as it would upon the fields of operation of private capital, notwithstanding the obvious disadvantages of placing a large commercial organisation such as the railways within the region of political influence.

The one bold step forward to a National Railway Guild would be easier, more effective, and, if established on sound lines from the beginning by a wise, enlightened people, of inestimable advantage, not only to railway workers, but to the workers in industries only remotely connected with transport.

In projecting a scheme for a National Railway Guild I shall have more to say of both private and State ownership. It would be by no means difficult for the Guild to conserve all that is good and worthy in both schemes whilst rejecting the false and artificial which is inseparable from private or pseudo-State ownership.

V

The charter of a National Railway Guild would presumably vest in the State the whole of the railway properties and in the Guild the almost unfettered management and working.

It is probable that this would be the first charter, or amongst the first of two or three charters, and for an appreciable time the Railway Guild would be coexistent with, and work side by side of, an almost universal commercial system.

Whatever the ultimate ideals of universal Guilds, the Railway Guild must at its inception, and during the period of transition whilst other industries were being guildised, be worked on commercial lines.

The commercial practicability of the Guild idea would have to be demonstrated, in its first experiments, in such striking manner that the tangible results would convey clearly to the country in general the superiority and manifest potentialities of the new system, and create an insistent, irresistible call for adaptation of the same principles to all other industries capable of guildisation.

Working on commercial lines would mean, for example, that the Guild must take over the obligations and responsibilities of common carriers. If rates for goods are wanted by the public the best commercial terms must be given consistent with the services entailed.

If wasteful carriage is done, and it be found, as indeed it may, that cutlery is carried to Sheffield by rail, cream to Devonshire, butter to Ireland, fish to Yarmouth and Grimsby, etc., or that some foreign products take upon themselves dignified English names by the simple process of repacking and branding of packages, these matters must be as nothing to the Railway Guild, however high its ideals.

Obviously, each of these things is waiting the attention of other Guilds later to be formed in the Merchants', Farmers', Fish, and other businesses. The Railway Guild will have quite sufficient to do for many years in putting its own house in order.

It may not be out of place here to explain to the uninitiated, in some detail, the position of railways in the commercial world.

The revenues are derived almost entirely from charges for conveying by rail, minerals, goods, live stock, parcels and passengers; although there is also income from

activities outside those of common carriers, such as ship owners, dock owners, warehousers, hotel owners, land and property owners, and carters.

Railways (like canals, trams and port authorities) are almost unique in that Parliament has laid down certain maximum charges which must not be exceeded, and these apply to all descriptions of goods, parcels, and passengers, except a few special articles of which the railways are not common carriers.

Every article known to commerce, from common sand and road-stone to beautifully finished, expensive furniture, comes under one of eight classes, known as A, B, C, 1, 2, 3, 4 and 5; and the maximum powers of charges for carriage are strictly laid down for each class. No conscious attempt is ever made to exceed these powers.

Parliament, however, has not laid down *minimum* powers, with the result that, in addition to the eight "class rates" noted between nearly every pair of stations, there are millions of "special" or "exceptional" rates *below* the authorised powers varying with the value and kind of goods, risk of carriage, load per wagon, distance, labour necessary at stations, and cartage; also every consideration of moment from the carriers' point of view, such as competition and the law that no undue preference may be given one trader over another has been taken into account.

The special rates have been made by the railway companies in what were the common interests of commerce and transport at the time the rates were required.

The proprietors of a new business may have proved that less rates than the maxima, in fact rates which could not strictly be said to pay for the service given, were vital to its successful launching; yet although later that business may be soundly afloat and possibly earning dividend pensions to its shareholders of from

6 to 40 per cent., the railways are hedged round with such restrictions that it has rarely been found worth while to increase a rate once placed as a general rate on the books.

The restrictions require that the railway company shall advertise each increased rate, and the onus is upon the company or companies of subsequently showing that any increase objected to is reasonable. This "reasonableness" is such a ridiculous thing that it is almost impossible without mortgaging the value of the increase, through law and advertising costs, for a railway company to prove a case.

Sundry paragraphs are appearing in the newspapers just now, at intervals, foreshadowing opposition from trade organisations to the advances of four per cent. in railway rates made from 1st July 1913.

These four per cent. advances apply only to the rates I have just mentioned as "special" or "exceptional," which are below the maximum powers; and plus the four per cent. no rate will be brought above the maximum legal powers.

What Parliament has given to the railway companies by the 1913 Act is the power to plead increased wages in justifying the four per cent. advance of a rate, but it has not authorised any increase of maximum powers.

This is a brief and fair statement of the matter, but it will unquestionably become obscured in the process of the parties reaching a settlement.

Traders say that the four per cent. will more than recoup the railway companies for extra wages. It may do so in the case of some companies, and it may not in the case of others. Rates are on the books between stations of different companies, and one universal percentage of advance was unavoidable for meeting such cases.

Doubtless where individual traders can prove hardship,

the four per cent. must be waived, but they should be required also to prove to the Railway Commissioners that they have not passed the increase on to their customers, and that they will receive no personal benefit from the concession if given.

As rates will be of the utmost importance to a Railway Guild, I have gone more into detail than I intended, but I will sum up by saying that it is of advantage to traders in general that the rates increase should be borne all round; it is in effect laid down that railways are entitled to earn dividends, and therefore every individual case of remission of the four per cent. makes it more probable that other traders must pay and make up the differences in one way or another.

With the advent of limited liability companies the right or power of existence of any industrial concern is gauged by its ability to carry an incubus of dividend pensioners as well as maintain its properties, managers, and other employees.

In the case of the railways this incubus may be said to represent in hard cash an amount of roughly fifty million pounds annually, and by whatever method the railways are guildised we may assume that for a period, probably the period during which many other industries are being guildised, this amount will be held in trust or administered by the State for the Guild. The incubus is carried to-day, and there is no harm in its being carried a little longer, under the name of a trust fund.

A profound faith in the Guild idea, and a preference for gradual progress, influence me to a desire that the Railway Guild should work out its own salvation without making any material call for its own purposes upon this trust fund in the beginning.

In other words, there is a sufficient field for exercising economy and administrative science in the region of "working expenses" (some sixty-five per cent. of gross receipts)

to provide striking and progressive improvements in the workers' conditions; but it must be a *sine qua non* that what commercialism can now afford to pay for transport it shall be required to pay under a Guild system. There must be no condition in a Railway Guild charter that reduced rates will have to be given all round.

When we speak of workers, we include all who render service, mental or physical, in the working of railways, and include the better self of a railway director which is remunerated by fees as distinct from that part of his dual personality which is sustained on dividends.

VI

In emphasising that no general reductions of rates or fares should be a condition of a Railway Guild charter, I have in mind that many incidental benefits to the general public and the trading community would naturally follow.

Tickets (ordinary, excursion, season and traders') would become available over all the lines between the towns which the ticket is taken out to cover, instead of by one route or specified routes as now.

Traders at present unable to qualify for special traders' contract tickets because the nature of their business necessitates its being divided between different unrelated companies, although in the total it would reach the required value if sent by one company, would qualify for traders' ticket or tickets by their business being dealt with under one railway authority.

For the travelling public three trains are preferable to four between the same towns if re-timed, say, from two trains at 1 o'clock and two trains at 2 o'clock, leaving different stations, to three trains at 1, 1.30, and 2 o'clock. Local services would have to be pro-

vided for in those cases where the cancellation of long-distance trains withdrew an intermediate stop.

Goods would be sent in the best manner and by the most expeditious routes able to take them, as there would be no interest in the forwarding company taking traffic by circuitous routes in order to retain as much proportionate mileage interest as possible.

Canvassers would change their name and functions and be available to advise the trading and travelling public, and help in the expeditious handling and movement of traffic.

A strike would be a disgrace to Guild management, except in remote contingencies, which would carry public sympathy for the whole Guild.

All traders would be given the same treatment, on business lines, be their payments for transport worth three hundred or three hundred thousand pounds annually.

Above all, what *esprit de corps* exists now in the railway service (and there is a wealth of it alive, slumbering though it may seem) would spread universally amongst all grades. Every one knows the difference between service voluntarily and cheerfully given and service rendered grudgingly or with ill-will; by the former both parties to it are cheered and gratified; by the latter depressed. One volunteer equals two pressed men. The writer has had years of experience of what can be done when management and staff alike have the same object before them, and it is in this high *esprit de corps* that he places his faith above all other advantages which guildisation would bring, and which could not follow any other method of unification.

By the way, he claims no originality for many of the economies referred to herein, simply mentioning those which occur to him as simple and understandable to the general reader.

Guild railways would be as great an advance upon State railways as the latter would be upon separate private ownership, and every advantage accruing to unification of management would accrue to the Guild.

No one man knows what economies in money, brain and muscle are made possible by amalgamation of railway companies, by State ownership, or by guildisation. When artificial restrictions have been removed true development will begin. The method for stimulating these developments will be indicated later. Here, as always, "all men are wiser than one man."

There is not a railway manager in the country who could not point to some improvement, impossible to-day, which he would regard as practicable under unified management.

Take any provincial town in which there are three or more goods depôts owned by different companies; each depôt will be equipped to take every kind of goods which is likely to reach it. For example, each may have cranes of twenty-five to fifty tons lifting capacity, with street wagons and tackle to cart such weights, yet any one of the depôts would be capable in itself of dealing with all such freak articles coming into or leaving the town. Waste would be saved by equipping and maintaining for heavy weights the one depôt only most centrally and favourably situated for such special cartage. And so on, duplication could be made unnecessary almost *ad infinitum*.

Tolstoy said, "The rich man will do anything for the poor man except get off his back"; and that only should be regarded as true progress for the workers which reduces or eliminates usury.

With the advance of science, cheaper working devices would be applied, and the benefits instead of

passing to the general community—another name for dividends—would be gained for the Guild workers.

The commerce of the country is steadily progressive, and by converting the railway dividend incubus to a trust fund the burden would not be increased, but the additional trade of the country would provide larger income to the Guild without, for some time, adding to the staff, except in those grades where shortage occurred.

Stagnation in promotion, which would certainly follow company amalgamations or State ownership, would be compensated for by the general improvement of pay and working conditions of the Guild. The *gradual* diversion of labour to other businesses of a productive character, as, for instance, agriculture, would be a distinct gain in national wealth, and, provided the Guild idea materialised with it, a gain to the workers.

The commercial régime gives us but an imperfect, yet the only, criterion of *comparative* values of various kinds of labour, and during the period of transition by general guildisation of industries this appraisement might be substantially followed; although so long as wages paid by private enterprise are taken as the broad standard of values, just so long it will remain obscure what really is a fair return for any class of work.

With the progress of Guilds, when several industries will have been worked under the system and the dividend incubus has been entirely removed, a different standard will have been revealed, and those private industries which cannot conform to such standard will be considered, in comparison, sweated trades.

The element of competition will also have made it more difficult for private enterprise to command the same class of service, and in its own struggle for existence it will have had to pay higher wages even at the expense of decreased profits.

By transferring the railways to a Guild no displacement of labour need be caused, the surplus being applied to reduction of hours and the increase of efficiency.

The money economies in the beginning, say after the first year, should be apportioned to the various grades. Salaries of officials, though sufficiently low in all conscience for the responsibility assumed, might be substantially unaltered in the beginning, adjustments only being made to remove glaring inconsistencies revealed by the comparison of different companies' salary lists.

The first attention should be given to reducing hours of labour and personal risks, and to providing at least a dignified and healthy life for the lowest paid grades.

Advantages peculiar to Guild working would arise out of the spirit engendered throughout its members. It would be interesting to compile figures of all railways and show the amounts paid annually for loss and pilferage of goods and parcels to be compared afterwards with such disbursements under Guild management. Give every worker an interest in the business and an army of detectives is created which would make the risk of discovery and punishment such that the game would not be worth the candle.

VII

The legitimate aim of individual or private enterprise is always towards monopoly, be it of land, material, method of production, power of purchase, sale, transport, skill, ability, or labour. Monopoly once secured, and the danger of unfair competition by sweated labour or by the deception of shoddy production once past,

private enterprise can then pay such wages as may appeal to its conscience as fair.

True, private enterprise has often to be satisfied with the monopoly of some small power incident to its particular line of business; but this accomplished, by combination, agreement with competitors as to prices and qualities, or by length of purse, private enterprise then, unfortunately, begins the plunder of the public by the simple method of fixing its own prices so as to obtain the largest possible portion of the necessities and luxuries produced, nationally or internationally.

The amount of plunder over and above a fair return for labour is most often received as, or, at any rate, ultimately converted to, income in the shape of dividends on capital.

These dividends extracted from the public wealth really belong to the public.

It is only, however, when nationalisation or municipalisation occurs, in such directions as railways, trams, gas, etc., that a strong demand arises for return of these profits to the community by cheaper services, or doles in relief of rates or taxes.

It would be impossible to resist the justice of an appeal in the case of nationalised railways for such profits to go to the community, after payment of reasonable returns to labour, if private enterprise were also returning its profits to the same source, and if it were known what a fair return for different classes of labour is, or if the "community" really meant the whole of the people.

We know, however, that so long as the wage system ensures nothing more than an average subsistence to labour, the community is simply another name for capitalism, and nationalised railways would in effect belong to private enterprise. In other words, the country would own the railways, and in its turn the

country would be owned and run by private enterprise.

It should not be a difficult thing to create doubts in the mind of a working man as to State ownership being little, if any better at all, than private ownership, so long as it is possible to point to under-paid postmen and gas-stokers employed by State or municipality.

Where labour has secured some sort of monopoly its working conditions are better; and where private enterprise has some monopoly and labour has not, any wages paid over and above the recognised standard are purely a matter of goodwill of the paymaster.

The policy of a National Railway Guild at the beginning should be that what net savings can be effected by the Guild, over and above those made in the past by private enterprise should at once become the property of the Guild workers.

After the transfer to a Guild trust fund of the fifty millions per annum (or whatever was found to be a fair average amount of annual dividend at the time of guildisation) and the adjustment of the most pressing necessities of underpaid Guild workers, every million pounds which is gained might be apportioned to the various grades on the basis of present salaries or wages received.

The pay of an official receiving £500 per year should be increased exactly by ten times as much as the pay of a porter receiving £50; and by this method the measure of benefit conferred by the Guild system would soon be apparent by comparison with salaries and wages of similar labour under private enterprise.

If an official is worth ten times as much as a porter to private enterprise he may be considered as worth proportionately more to the Guild, until some fairer standard is revealed by a general guildisation of industries.

Roughly, every grade in a railway service has its

recognised standard of wages or salaries. It is laid down what each place is "worth," and the basis fixed could be worked upon during the initiation of the Guild system; with this proviso, that any position must be attainable by any Guild member provided he have the qualifications necessary to it, no regard whatever being paid to agnation or outside influence.

After general guildisation of a number of industries has taken place, and the dividends transferred to trust fund have wiped out all indebtedness, this enormous wealth would be available for general Guild and national purposes, and for increasing the pay of such Guilds as perhaps the Teachers' Guild, the Post Office Guild, or any other Guild whose source of income is wholly or partly from national or municipal funds.

As will be shown later, it would not be necessary for a single official to be added to the *personnel* of the Railway Guild, and *per contra*, no labour displacement whatever need take place.

What labour is maintained by the railways to-day could be maintained by the Guild. Labour economies would arise naturally by superannuations and deaths where it would not be necessary to fill the places except by the reorganisation which would have been going on in the ordinary course of Guild development. Officials and men would only need to be replaced from outside the Guild as shortages actually occurred.

Parliament has already laid down that rates may not be increased without its consent. The Board of Trade and the Railway Commissioners protect the interests of traders where injustice can be shown.

There remains little need for further restrictions by the State beyond Parliament ensuring that no public facilities must be withdrawn unless it can be shown that such have not been in accord with commercial usage, *i.e.* that they are wasteful and unremunerative.

A Guild system would receive such careful attention by the general press that the publicity of every small failing or apparent failing would be adequate protection itself of the public interest. Every fatal accident, every public inconvenience, would receive far more attention than now, and the Guild would find it more desirable to remedy evils than to excuse them by comparison with statistics past or contemporary.

There are many minor annoyances a Railway Guild would remedy that would be unaffected by nationalisation.

Take the ordinary tipping system to which all travellers have to conform: though popular estimates are probably far above actual figures, a fair amount of money passes in this respect.

A small gratuity given in recognition of a service received is defensible, although the receiver places himself in an inferior and servile status by accepting it.

A gratuity given to obtain something to which one is not entitled is a bribe.

For a coin, I have known a first-class passenger to secure the whole of a compartment, and use the seats for luggage, the proper place for which was the guard's van; the door being locked whilst other passengers have had difficulty in finding seats before the train started. Similar unscrupulous bribing is done regularly, to the great inconvenience of the public generally and the good of no one.

It is almost impossible for the public to prove such a case against the culprit, but let the Guild make the receipt of tips an offence and witnesses enough would be available.

Tipping, either as gratuities or bribes, would have to go, as it would be a necessity that the actual pay of Guild workers must be officially known.

Numbers of offences for which officials have now to

administer deserved punishment could be left to the men of the grade to punish, and the result would be sure and effective, without the cry of victimisation which is apt to arise regardless of the true merits of the occasion.

At the risk of repetition: Nationalisation would be followed by the results of economies being frittered away in the shape of reduced rates, increased uncommercial facilities, and political patronage, the workers being left substantially as before.

Guildisation could secure the results of economies to the Guild workers than whom none have better title to them.

VIII

The terms upon which the property of the railways is acquired by the State will be of the highest moment to the Guild, as those terms would be taken into account in defining the financial obligations of the Guild to the State and seriously affect the prospects of Guild workers.

It stands to reason that much would depend upon the bargaining power of the two parties at the time of the purchase, and great care would have to be exercised so that financial obligations were not placed upon the Guild above what it should reasonably be called upon to bear.

To guarantee for ever an interest payment based on dividends under company management could not be reasonably entertained. Nor is it desirable that some smaller interest should be given *in perpetuity* as the object should be for the Guild, at some not unreasonably distant date, to be freed from capital obligations; leaving it, so far as property in the railway is concerned, to be called upon only to contribute to the State such amount as is necessary to maintain the properties and

provide for all improvements, extensions, and innovations as they become necessary by the progress of science, and the requirements of the commercial and travelling public in respect of transport and its affinitive services.

For purposes of simplicity it would be best that each railway should be considered separately and the amount of its cash value fixed. If payment of the purchase price is extended over a period of years some addition would have to be made for this accommodation.

The functions of the directors of each company would then be purely financial, *i.e.* the apportionment to the shareholders of the annual purchase payment as received from the State. The Guild would also be free to negotiate for the services of those directors willing to join it.

In valuing the property of each of the fifty or more separate railway companies, there might be a combination of appraisement from average market prices and condition of the property.

For example, although the prices at which transactions have actually taken place, on the Stock Exchange or elsewhere, are generally some criterion of value based on dividend-earning power, it may be found that a company has paid excessive dividends when judged from the point of view of condition of property, *i.e.* the line may have been "starved" to maintain dividend rates. If salaries and wages below the general standard have been paid with the same object, this should also be allowed for.

The purchase terms most generally favoured, I believe, are at twenty-five years' average profits, *i.e.* £100 of stock having, for twenty-five years, averaged dividends of 4 per cent. would be capitalised at par value of £100. This might be taken as fair in the case of a railway property well maintained. Stock of another

railway having paid the same average dividend of 4 per cent. may have done so out of second-rate equipment and by maintaining low wages and salaries, and this should not receive the same purchase price, but account should be taken of the two factors mentioned, and a lower amount than 4 per cent. substituted as purchase basis, say 3½, or even 3 per cent. if necessary.

To ignore considerations of condition of property and rates of salaries and wages paid by a company would be to place a premium upon the success of the shareholders in squeezing high dividends to improve the twenty-five years' average, irrespective of the real value of the business.

Taking all the railways together, whatever the annual aggregate amount paid in dividends and interest may have been (say fifty millions annually), it should not be necessary for the State with its sound guarantee to have to call upon the Guild to provide an annual payment nearly approaching such a figure, especially if the State guarantee of payment extended over a period of two generations.

If the State chooses to borrow the money and pay off the capital value to each company at once, there would be no objection to its doing so, so long as the smaller interest to be paid on Government bonds would admit of the fifty million pounds annually to be paid into a trust fund by the Guild meeting the Government interest and also effacing the debt entirely within a period to be calculated.

In regard to the bargaining power of the Guild prospective with the companies, through the States as intermediary, it would be well at this point to consider what are the essential steps to be taken for the purpose of strengthening the railway workers and placing them on bargaining terms.

A reperusal of this series will reveal that no active help can be anticipated from large trading interests, as the conversion of the railways from private to Guild management cannot promise any benefits of a " material " nature to those already comfortably and preferentially served under the existing régime ; although, as paradoxes abound, there may be some intelligent and benevolent individuals amongst large capitalists who have the honesty of character to be heartily nauseated with their enforced rôle of public plunderers, and willing to offer no active resistance to a reformation provided its soundness can be effectively demonstrated.

The case of the enormous number of small firms is, however, quite different. They have nothing to lose and everything to gain by a guild régime which would serve them in many ways, principally by its power of resistance to pressure of the purse, politically or otherwise, of their large competitors.

It is more important that the proletariat outside the Guild should be educated to understand that the improvement of any workers' conditions even above their own must in the end be beneficial to themselves, if they will join in a campaign against cheapness of any kind of labour, and work shoulder to shoulder with railway employees in their endeavour to bring into being a Railway Guild, or indeed with any organised labour enlightened enough to make guildisation of its industry its first object.

The most important step of all is in the direction of solid organisation of the railway workers themselves. Let them concentrate upon complete monopoly of railway labour with a realisation that officers and men alike are carrying the same burden upon their backs—the burden of the dividend hunters and dividend pensioners ; realising at the same time that to throw off the dividend incubus in its open form, and take on a

similar load by reducing charges for services under the name of nationalisation, will be little or no lightening of the burden.

By the employees in each industry concentrating their efforts upon the acquirement of entire monopoly of their labour in order to secure Guild conditions the complete emancipation of the wage slaves can be brought about.

As has been ably demonstrated by various writers in *The New Age*, the proletariat in their highest aims have never looked beyond a lightening of their conditions, "some little more fodder, some slightly easier harness," to be purchased by higher wages when secured, only to find that prices are put up against them almost to the point of the advantage gained, and to the increased disadvantage of the unorganised or fixed wage classes.

Striking under these conditions is in the end simply a diffusion of strength and union funds, the only advantage of which is the fighting experience gained for use in a greater cause. This experience, however, is more than nullified by the tendency of the public to vent their irritation against the workers for engineering sectional, and in the end abortive, disruptions of trade; whereas in a clear logical cause the public sympathy might be depended upon.

As I write, the press reports of the Trades Union Congress record the passing of the sixteenth annual resolution in favour of nationalisation of railways, with, *for the first time*, a protest on the part of an enlightened delegate that it would be "a pettifogging middle-class reform," and the further significant resolution, also passed, of the Fawcett Association pledging itself "to work steadily in the direction of increasing democratic control both by the employees and the representatives of the working classes in the House of Commons."

Let the " nationalisation " resolution die its natural death and be replaced by a resolution in favour of a National Railway Guild, with the appointment of a committee to report in explicit terms annually what means have been used during the year to forward the project, and practical steps will have been made towards real emancipation of at least one large section of the great labour burden carriers.

IX

Reverting to the constructive side of Railway Guild working, it is again necessary to describe the present system of management in those features which are most easily adaptable to the proposed new conditions.

The head of any well-managed industrial undertaking displays one side of his business acumen by the extent to which he keeps in touch with the responsible executive under him, and encourages all ideas which may develop into practical utility. It depends upon the size of the undertaking whether this feature is one of mere personal intercourse or a definite system of organisation.

Thorough organisation is the great secret of efficient railway management. Each officer has his clearly defined duties and responsibilities, but he constantly sees exceptional conditions arising which may affect his responsibilities in common with those of officers of similar position at other places on the line, and even at places on other companies' lines.

The machinery for ventilating difficulties as they arise, and for propounding, comparing, and selecting ideas bearing upon them, with a view to evolving working regulations, varies with different companies according to their methods of organisation.

With all companies it is an understood thing that

any feature out of the ordinary course which may contain elements likely to develop into some degree of importance, is at once reported to the head authority by correspondence, and the majority of smaller questions are treated and settled in that way.

It will be evident, however, that commercial, constructional, or train working questions must constantly arise that affect more than one section or department as well as various places, and if all such had to be personally adjudicated upon by the general manager his hands would be more than full.

To meet such varying circumstances a highly organised company has a more or less strictly ordinated system of meetings to which officers of the same grade from different places bring their conundrums for solution ; and in case of a deadlock, the head is there to issue his fiat.

For instance, separate meetings take place, more or less regularly, or as occasion arises for such meetings, of goods agents of a district, passenger agents, canvassers, district goods managers, district passenger superintendents, goods or passenger train superintendents, conciliation boards (!), and these meetings are usually presided over by a district goods manager, district superintendent, goods manager, superintendent of the line, or general manager, according to the nature of the meeting and the importance of the subjects down for discussion.

Matters which have interest for all companies, especially if they affect the railway clearing house system and call for some definite ruling to be followed by all companies, are discussed by committees and decided at meetings of companies who are parties to the clearing system ; which necessitates regular inter-company official meetings of the various ranks separately, such as general managers' meetings, superintendents' meetings, goods managers'

meetings, accountants' meetings, mineral managers' meetings, Continental managers' meetings, etc.; and there are standing expert committees of each to settle details and clearly define points at issue, expressing opinions or otherwise as may be necessary for guidance of the full meetings.

It is by a continuation and elaboration of this system of meetings that a National Railway Guild would have to work in the beginning in order to bring gradually into effect a unified management, and ensure the development of every economy and efficiency.

There would be, of course, the essential difference that the officers would be freed from all parochial considerations and the point of view be widened, so that the national railway system would be administered as a unit, and the administration not be hampered by technical adjustments of separate companies' interests.

The reorganisation necessary would involve much clerical work, but fortunately the unification would at once set free a large staff for the purpose which at the present time is engaged on work necessary only because of duplication of companies and apportionment amongst them of moneys received for interchange work. There would at once be available some two thousand officers and clerks of the railway clearing house, and all those officers and clerks of the companies whose present duties would be rendered unnecessary by the new system.

Questions for consideration would require to be codified as a first step, and the proper committees appointed to deal with them, revised definitions of the responsibilities of the meetings being laid down.

For a time the various officers of the numerous companies could remain in charge of their individual sections, departments of the same character being gradually assimilated, and the whole line converted into new divisions.

For example, meetings would be necessary of the following head officials, respectively, of all existing companies :—General managers, secretaries, goods managers, mineral managers, superintendents, rolling stock officers, engineers, surveyors, and estate agents, signal and telegraph superintendents, accountants, steamship officers, etc.

The matters for decision by these heads of divisions would arise both in themselves and by questions raised at committees of, say, station agents, stationmasters, station foremen, station inspectors, and meetings of the various departmental heads mentioned in former articles.

In this way would be re-formed a system of management by which would be stimulated ideas and suggestions of improved working from those acquainted with the actual conditions, with the important incentive that savings of labour would soon mean short hours, and no loss but improvement of pay in all grades would follow economies ; with the certainty that every economy instead of going to the swelling of dividends would be reaped by the Guild members themselves.

Under nationalisation, or company amalgamation, individual general stimulation of ideas would be missing, as officers and men would be required to devise means, first, of reducing the numbers of men, then of reducing the numbers of officers, in the full knowledge that the ultimate results would not materially reduce the hours to be worked or effect any substantial improvement of wages or pay.

As I have indicated, many committees would be necessary, and I would carry the democratic system to its limits by encouraging meetings of all grades ; for the actual work recorded at such meetings would by no means represent the full advantages of them. The outlook would be broadened, and the capacity of every

one improved; ideas and practical proposals would be the natural outcome; and a spirit of understanding and toleration would be generated from which officers and men of higher efficiency would spring.

When a choice between nationalisation of railways and company amalgamations is discussed, the former is always associated with "Bureaucracy," and vague hints are given of the evils which would follow such a new departure, the assumption being encouraged that nationalisation and bureaucracy are inseparable. So they are; and so are company amalgamations and bureaucracy; and again ordinary disintegrated company management and bureaucracy are inseparable. The one effective method of management is the bureaucratic method, and, as I have shown, we have it already. By steadily avoiding looking at the actual facts and admitting them, the public is led to believe that any scheme of nationalisation must carry with it additional appointments of numerous Government officials. Then the door is open to political patronage, and the way is clear to saddle the industry with another form of parasite in place of the usual benevolent dividend drawers.

Let it be understood clearly that a National Railway Guild need not carry with it the appointment of a single additional bureaucrat. One able Guild president, selected from the large number of eligible officers, could be made answerable to Parliament and the public for the efficient administration of his charge, and there need be no more national political influence introduced into the railway management than there is in the management of municipal trams. The latter, of course, are subject to local politics, but to my mind unnecessarily so. If it is possible to define the obligations of separate railway companies to Parliament by Acts of Parliament, and provide machinery in the shape of the Board of Trade Railway Department and the Railway Commissioners

for ensuring that these obligations are carried out, without internal interference with the private company management, it should not be difficult to prescribe the obligations of a National Railway Guild by Guild charter, and refrain from the appointment of a swarm of Government officials to swell the already over-numerous bureaucratic officials whom private companies have found it impossible to work without—and be it remarked that private dividend-seeking companies do not appoint officials from benevolent motives with the consent of shareholders.

It might be necessary to make certain of the existing officials responsible for reporting annually to the Board of Trade upon the financial soundness of the Guild and efficiency of plant and property, but even this should depend upon the nature of the assistance received by the Guild from the State at the transfer of the undertaking from private companies, and would only affect such officials as auditors and engineers.

X

No one can foretell what the position of affairs in the railway world will be when the present crisis is past.[1]

It is clear that the union officials have in front of them the opportunity of a lifetime, not only of showing themselves capable of moving fast enough to satisfy the veriest firebrand in their following, but also to expound an idea in advance of anything ever known in this country or any other ; and the practicability of which cannot be effectively assailed by the most experienced railway officer in the world.

Should it be too much to expect that the foregoing articles on this subject will have been carefully digested

[1] This section refers to the railway strike in the spring of 1912.

by the leaders of the railwaymen; in order that he who runs may read, I will enumerate a few essential points which if acted upon are quite capable of rendering the present leaders immortal.

Assuming that a general strike takes place and the railways are stopped, the usual negotiations will be entered into, through Government representatives, between the men and the officials.

The issue will undoubtedly have widened from the question of the sympathetic strike, and it will almost certainly be found impossible to agree upon any policy satisfactory to both sides and the public as to whether men should be compelled to handle goods from firms whose employees are out on strike.

The Government, as an extreme step, may offer to nationalise the railways. If the men's leaders are weak-kneed enough to accept this, surely they will be sufficiently alive to require conditions. The conditions to be demanded should include at the very least:

(1) That no general reductions of rates, fares and charges must be given with the change, as this would affect the revenues from which the betterment of the men's hours and pay must come.

(2) No wholesale displacement of labour must take place, the reductions in numbers being left to the effluxion of time, retirements, superannuations and deaths.

A nationalised railway service pure and simple would be no better for the rank and file of the workers than the Post Office is to-day.

May we hope that the union leaders will advance beyond the nationalisation idea, and put forward a firm demand, and stand by it, for the railways to be managed by a Guild composed of officers and men. If they will do so and require the foregoing conditions, with an additional one that all savings in money and hours are to be apportioned strictly and fairly to the present salaries

and wages attached to various ranks, whether representing mental or physical labour, they will have shown a capacity and grasp which will never and cannot ever be disputed.

The Guild on its part could fairly pledge itself to pay to a Government Trust Fund, for the purpose of enabling it to acquire the railways on business terms, an annual amount equal to the average annual total dividends paid for the last five years.

It will be easy to test afterwards whether the Government make a good bargain or not by quotations on the Stock Exchange of the shares of the respective private railway companies, and if too much is paid for the railway properties it will be at the door of the Government to answer for saddling the Guild Trust Fund with an unreasonable debt.

The outstanding feature of such an arrangement would be that the first step would have been made to remove for ever from the shoulders of the workers the burden they carry in the shape of dividends to non-workers.

XI

The operations of a National Railway Guild would be so interwoven with those of other transport activities that sooner or later the Guild would find it advisable to federate with other transport industries.

In fact, seeing how closely transport companies other than railways work at the present time with the railways, it seems desirable that a National Transport Guild should be the aim of the Railway Guild from the beginning.

Railway companies already own canals, docks,

steamers (over-sea and lake), motor vehicles (passenger and goods, rail and road), and employ to a large extent the street cartage companies who bring goods to or from the goods depôts.

To embrace the whole of the system of parcels, goods and passenger transport (inland, coastwise and Continental) into one Guild would remove many existing inconveniences.

As an example of how the competitive system grinds all, to the good of none but those who live on unearned incomes, let me give some particulars, simple in themselves, but referring really to a no small part of the general transport system of the country.

In London and provincial towns the railway companies charge scheduled cartage rates per ton for various kinds of goods, which rates are for the removal of goods between the station and any business premises within a defined area.

It is obvious that the nearer the warehouse or factory (within that area) is to the station the greater the probability of a private haulier being able to do the service at less than the railway companies' charges, which are fixed with an eye upon both short and long distance cartage.

This has led to firms who are within reasonable proximity of a station putting their cartage into the hands of private carting contractors, who underquote the railway companies (and each other) so long as they can see an existence or profit out of the returns after purchasing their labour as cheaply as it can be obtained, and combining the firms' cartage business whether it be to or from a railway station, docks (if there are any), or other places in the town.

The same thing applies, by different methods, to railway parcels and goods business carried by the railway companies at rates which include collection or delivery,

the private firms when they do the cartage being paid partly or wholly out of allowances made by the railway companies from the inclusive rates they have charged.

These private carting contractors cannot underquote each other beyond certain points without resorting to the cheapening of labour to its lowest subsistence level, and this often leads to the formation (or contributes to the formation) of associations of cart or motor vehicle owners.

The men also become more or less organised, and labour conditions being bad, strikes may ensue.

For one thing, the cartage contractors must give some advantage to their customers over what the railway companies give, either by charging less or by including some other services in an all-round rate ; and for another, they must charge less than it would cost the firms to undertake a cartage department of their own.

Whilst labour is exploited by small capitalists, these themselves are in turn exploited by other capitalists, all together being the servants of the most powerful business ; the power of resistance to pressure being proportionate to the extent to which they have secured some kind of advantage, traceable as a rule to monopoly.

It is almost as easy for the small firms to convince the men when discussing terms together that they are under great hardship, as it is for the men to show that instead of a living wage they are being paid only a bare subsistence.

What then has to be done ? Shall the demands of the men be met to the point of exterminating the small firms ? In that case the move is towards a monopoly on the part of the larger firms.

It never seems to occur to the men and masters that they are both under the same driving force—the need for providing dividends either directly to their own

shareholders or indirectly to the shareholders of those firms who squeeze them down to the lowest charges.

The effective step is for them to join hands, pay out the capitalist, and work the transport business of the town as a monopoly, the good with the bad, the income from the labour to be justly apportioned between officials and men.

In trade generally it is the business which pays the largest dividends (or ridiculously excessive salaries) that plunders the public to the greatest extent one way or another, and it is often the business which makes the narrowest profits which is compelled to resort to the greatest pressure upon its wages list (a synonymous term for men).

The benevolent business magnate who pays 40 per cent. to his shareholders has usually sense enough to avoid "labour unrest" by paying a little above the average rate of wages; but he sees to it that other firms are squeezed by him in securing the 40 per cent., and in actual fact it is he who pays subsistence wages only, although done by the proxy of firms he exploits. In purchasing his raw materials he is not likely to pay the ull cost of their production plus forty per cent. on the capital laid out in the business of his suppliers. Not likely! It is only when he comes to *sell* that there is virtue in extorting forty per cent.

How any man making ten, twenty, or thirty per cent. upwards can oppose railway companies in the House of Commons when they seek to consolidate or extend their monopoly so as to be able to pay something more than a miserly five per cent. (say), is a mystery to me.

It is no consolation to the community, surely, to be told that whereas the railway dividends are paid by monopoly conferred by the State, the monopoly of the private business magnate is not in writing. The earnings

of railway companies are restricted by competition and Acts of Parliament. The earnings of business firms are often almost unrestricted by either.

As the time seems far off when a Government will inquire into the methods by which excessive dividends are made, and their effect upon the community as a whole, with a view to compelling the return of unjust profits to the State, the most practicable step seems to be to convert the industries most adaptable and ready into Guilds, and gradually eliminate the profiteer entirely.

XII

I have expressed the opinion that if the doctrine of sabotage was allowed to permeate railwaymen irreparable injury would result to the men who should practise it.

The forms of sabotage I had in mind were the ca' canny principle, under which men would be incited to work as little as they could be forced to and give the poorest possible return in quality; and also the sabotage mentioned in the following extracts :—

"Take the railway for example. It is quite easy for the labels on trucks to be put on the wrong ones, thus causing goods consigned to one part of the country to arrive at a place far off. . . .

"These are examples of a peaceful form of sabotage which injure no one except those they are intended to injure and annoy. . . .

"I think we have said sufficient about sabotage to convince the opponents of, and the inquirers about syndicalism, that the workers have no cause to fear the methods of the advocates of syndicalism, and that the only ones who need have any such fear are the possessing or capitalist class."

To this it was replied that "Sabotage would require

the highest development, mentally and physically, to carry through the most effective forms of this doctrine."

My comments upon this are that the principle of shirking work would have to be acted on for a long time before it affected dividends to anything but an indifferent degree; and before this happened every effort would be put forth to nullify its effect.

All men are creatures of habit to a degree which it is impossible to realise, and on railways work is done by men and boys together.

I know of nothing more soul destroying than the compulsion of devoting nine hours daily to the production of bad work which could easily be done well in six,—not even the compression of twelve hours' work into nine.

To do it under supervision would require the development of qualities generally regarded as the indisputable monopoly of "workshies." When practised long enough the honest worker becomes actually incapable of his former output, and the younger he is the more difficult for him to divest himself of his second nature. He is degraded in his own opinion, and disrated in the opinion of all with whom he comes in contact.

Better far that he should work hard in the hope that some one, at any rate, will benefit, until such time as an improvement in the state of affairs can be arranged.

It is quite legitimate and laudable to aim at as few hours of compulsory work as are absolutely necessary, but only that the leisure hours thus secured may be used to follow one's natural inclinations, which allowing time for full development, will assuredly not be in the direction of doing nothing.

Loss of stamina and capacity for work is as much to be deplored, whether the result of poor and insufficient food, disappointment or despair, or deliberate training, and this way lies national decadence.

The policy of the earth for the workers provides

nothing for the shirkers, and it would be interesting to hear whether such sabotage appeals to the best and most intelligent of workmen, or most readily to the low class worker who is happy to be assured that some obscure advantage will result from his giving full play to his natural tendencies.

Intentional wrong labelling of trucks as a weapon against capitalism is petty, unmanly, and ineffective for any ultimate good. This, moreover, is described as "easy," and cannot, therefore, be regarded as one of the most effective forms of the doctrine which is said to call for the highest development to carry it out.

Label to Cornwall a truck of building materials intended for Norfolk, and what has been effected? At the worst it reaches its destination in four days instead of one; the company suffers no financial loss; clerks, telegraphists, and others are involved in unnecessary and consequently annoying labour; but the unknown consignee and his employees, possibly all of whom are of, or near, the wage class, bear the whole of the burden.

The master mind which has executed the plan, doubtless emulating an impossible Raffles, may be surprised at achieving a reputation little above Bill Sikes.

Even if the railway company had to pay for the delay, which would not happen in one case out of a hundred, it is not liable for consequential losses, and the workers, including the small employer, who have probably had to pay off for want of material, are hit and embittered against their own class.

If all the methods of sabotage are so unhappily conceived the instinctive repugnance to it is justified.

Admitting that it might be necessary to debauch an entire army for the good of a nation, the need must be extreme and be capable of demonstration.

It is so fatally easy to inculcate destructive ideas and so difficult to formulate a constructive practical policy. In things essential it is folly to destroy the old before the new and better has been constructed.

In advocating a National Railway Guild there need be no delusion that railway employees are amongst the worst situated of the wage classes. They are not. I have intimate knowledge of labour conditions far worse, and which call more urgently for attention, but the very parlous state of the workers makes them more difficult of treatment. Their time is not yet.

In the case of the railways, the field is promising. The organisation is already there, requiring only to be perfected and adapted to new conditions. The men have not yet lost the spirit and power to help themselves, given educated leaders who can be trusted, and a simple yet lofty policy ; and a National Railway Guild is within the region of early practical politics.

Such a Guild once successfully launched, the beneficial results are evident to the meanest intelligence, and the cause of the workers of the world would receive a stimulus which the orthodox State ownership schemes have failed to impart.

To bring this about the railway workers must realise who is their public, and earn its respect and sympathy.

The private companies do not usually make the mistake for long of alienating the sympathies of the public, but invariably feel its pulse in any new crisis and move accordingly. Their public is the large commercial houses, the press, officials and others.

The public of the men is the workers of all classes by brain or muscle, including small traders, sociologists, and their own officials.

The first Guild will be in the position of invaders conquering a country in which they have to live afterwards. The less damage they do, and the more respect

they earn, the more peaceable will be both their conquest and their occupation.

In conclusion, it should be realised that when the great evil is the extraction by non-workers of incomes from wealth production, those who take the least in proportion to capital expended are the smallest burden upon the workers.

The businesses which pay the largest dividends ought really to be attacked first, but it is not practicable.

Those workers who are best organised, who have the highest intelligence and the best resources, will be the salvation, not only of themselves, but of the great army of the wage classes.

APPENDIX III

MISCELLANEOUS NOTES

[THE following paragraphs were written in response to various criticisms, suggestions, and questions raised by readers of the foregoing chapters as they successively appeared in *The New Age*.]

It is one thing to accept responsibility for others, but quite another thing to take it. A representative is presumably requested to accept responsibility; but should he assume it without request and by force, he is merely a despot. Our modern capitalists are despots pure and simple. Nobody ever asked them to accept responsibility for the industry of the country. On the contrary, they took it by force. It is therefore with no gratitude that workmen now hear them pride themselves on their responsible position. It is precisely of their responsibility that an educated proletariat would relieve them.

Why should the Government, a political body, be troubled with industrial affairs? It is ill-equipped for interference as things now stand. Beyond a very narrow limit, it cannot coerce either employers or employed. Yet critics assume that its power is absolute. The Government has several means of disengaging itself from sole responsibility; it can make employers responsible for the maintenance of industry; it can make employers and employed jointly responsible; or

it can make the trade unions solely responsible. If it will do none of these things, it must assume responsibility itself by abolishing private employers and reducing workmen to the status of State slaves.

The State should acquire the railways, mines, etc., and then lease them to the unions by charter. If a private company could be chartered to govern Rhodesia —a gigantic example of capitalist Syndicalism—the management of the railways or the mines can surely be safely entrusted to their respective unions.

Though in our articles we are outlining a complete system of industrial organisation, its simultaneous establishment is not contemplated as possible. *Some* union will have to begin ; and it will probably be a union of comparatively educated workers. The medical profession undoubtedly has the best qualifications for making a trial of the new plan. Next to them we would suggest the National Union of Teachers, and next the Postal Unions. When these have obtained the powers of nominating their own heads, and of controlling their own services, the railwaymen and miners will probably be the next to follow.

If liberty has been proved to be favourable to political development, may it not be favourable to industrial development ? Small comparatively as was the change from chattel to wage slavery, the energy released was enormous. A much greater release of energy might be expected from the promotion of wage slaves to the rank of free self-determinant craftsmen.

The suggestion of a deliberate conspiracy on the part of capitalists to obtain and maintain their economic power is scouted only by people ignorant of history as

well as of their own times. In addition, such people, being sentimentalists, find it hard to believe that rich men could be so "wicked." But there is no limit to the vileness of men; as there is also no limit to their potential virtue. That conspiracies of the few against the good of the many have been carried out, all history is a witness. If history is not sufficient, we would suggest an inquiry into the present methods of exploiting native labour and obtaining native lands in Africa, South America, and elsewhere. The procedure is stereotyped. Tax the native and appropriate his goods and services in payment thereof. He immediately becomes a wage slave. But the same method was used in England.

Political economists treat of Land, Capital and Labour as if these three terms were comparable; but they are not. What would be understood by Pounds, Shillings and *Pints*? Land and Capital are *instruments* of production; Labour is the only producer. It is by the control of the producers that capitalists become possessed of the products.

Rent is not the cost of producing land. Interest is not the cost of producing capital. Profit is not the cost of producing commodities. *But wages are the cost of producing labour.*

Workmen to-day have only one liberty more than chattel slaves possessed; they have a choice of masters.

The eyes of the fool are on the ends of the earth. The Labour Party are demanding control over foreign policy before they have as yet control over, we will not say, domestic policy even, but a single domestic industry.

How does a paramount economic interest establish

its paramount political power under an extended franchise? By means of the caucus. The caucus is to the electorate what a regular trained army is to a mob. As the governing classes maintain an army for physical offence and defence, so they maintain the caucus for political offence and defence. And as useless as it would be for the people to oppose the army, so useless is it for them to attempt to oppose the caucus. But the caucus is also paid. Who pays? Not the poor, but the rich. Consequently the caucus is the paid standing political army of the existing capitalists, and by its means, however wide the franchise, they keep political control.

The best thing the working classes can do in politics at present is to refrain from voting. They will be called mugwumps, but the term is no reproach. If at the next election the polls went down to fifty per cent. of the electorate, the caucus would be morally defeated. No organisation is necessary to produce this effect. Let the workers simply decline to vote. But while the caucus can rely on polling ninety per cent. of the electorate for *any* set of candidates it chooses, its power is absolute.

If one elaborates a revolutionary idea for society, it is inevitable that the changes involved should appear at first sight too gigantic to be practicable. If, on the other hand, the idea is stated simply, and its implications left to be imagined, it is inevitable that to the majority of people the proposed change will appear so small as to be not worth making. In presenting Guild Socialism at considerable length, *The New Age* has run the risk of being charged with spinning another Utopia; a second risk is that objection may be taken to projections and elevations that are not necessarily consequent on the plan, and to the detriment of the plan itself. But these

risks we have considered were well worth running for the advantages derived from prolonged discussion of the idea itself. It is scarcely possible that many readers will forget that the wage system must be abolished, if not by Guild Socialism, by national or international capitalism. So far, there is no escape from the problem we have stated. And, enemies apart, it is scarcely possible but that many readers will fail to see wood for trees, and in their dispute with us concerning the future miss the immediate point that a partnership between the State and the unions is both imperative and practicable. Once assure a beginning of this, no matter in how small an industry or in how timid a fashion, the revolutionary idea is set to work. Time, better than we, will settle the subsequent problems.

One of the chief advantages from the economic independence of the workers would be the elimination of incompetent, brutal and bullying employers and managers. It is a mistake to suppose that competition eliminates even incompetent employers; it does not; it merely relegates them to the lower levels of industry; but there they flourish. Brutal and bullying employers, on the other hand, receive a positive preference from the competitive system; it is their happy hunting ground, the field providing the exact conditions for their evil genius. Not all employers, of course, nor even all successful employers, are bullies; but the type of the manly, gentlemanly employer is fast disappearing; he cannot survive under a system that suits the cad better than it suits the man. But why do the cads flourish and the men go under? For every employer there are waiting an army of wage slaves seeking employment; seeking it not as choosers, but as beggars. To men with only a week's supply between themselves and the workhouse, any job under any employer is Hobson's choice.

Thus, no matter what the employer may be, bounder, bully, gentleman, or scoundrel, he has no lack of beggars for his employment. But once let the workmen have an economic base on which to fall back, an alternative to any employment that any cad may offer, the cad might whistle for men till the cows came home. With voluntary service substituted for the press-gang, only the best managers of labour would secure the best men. The worst would fall to the worst.

The essence of servility lies in the absence of the right or the power to bargain. Freedom implies both. But our proletariat have the political right without the economic power. Civilly endowed as they are with the right to sell or withhold their labour, the power of withholding it is limited by their propertylessness to a few weeks at the outside. Only so long, therefore, as their savings last have they the power as well as the right of bargaining. In short, they are politically free, but economically servile.

The difference between ourselves and Mr. Snowden on the right to strike is this. Recognising the uselessness of the political right to strike without the economic power to maintain a strike, Mr. Snowden would take from the workers the political right. We, on the other hand, would add the economic power to it.

Trade unionism has hitherto been engaged in accumulating economic power (in the shape of funds) for use on occasions of bargaining. But the funds have always been too small. To be on an equality with the other party requires that the funds of both shall be equal. The supplies necessary to enable a union to bargain effectively should be at least sufficient for a year. With a year's funds in hand (either collectively or individually stored), a union could command its price.

It would be as effective to vote that Germany should cease building a navy as for workmen to vote that capitalists should cease enlarging rent, interest and profit, and reducing wages. The question is. how is it to be carried out ?

Catastrophe barred, England, a hundred years hence, will have a different industrial organisation from the present system, for the present system simply cannot last. What, therefore, we may ask, will the new industrial system be ? And will it be the worse or better for the many than the existing system ? The choice before us is theoretically wide ; nothing is *inevitable.* Shall it be State Capitalism, Trust Government, Distributivism (Mr. Belloc's plan), Syndicalism, or National Guilds ? Left to the State, it will be the first ; left to private capitalists, it will be the second ; to Conservatives, it will be the third ; to trade unionists, the fourth ; but left to everybody, it will be the fifth.

A trade union is not exactly as strong as the number of its members ; but it is exactly as weak as the number of its non-members.

Motto of Capitalism : Every blackleg is worth ten unionists during a strike. Every unionist is worth ten blacklegs during employment.

At the old Trade Union Congresses all the decisions were determined by coal, cotton, railways, and engineering. In the Employers' Congress, called Parliament, they are still.

We don't want democratic government, but democratic industry.

At a Trade Union Congress we want to hear a boilermaker, not a politician; in Parliament we want to hear a politician, not a boilermaker.

The economic objection to bureaucracy is that bureaucracy is not really efficient. Why? Because the directors of industry under bureaucracy are not themselves trained workmen; they have never been through the mill.

It is a curious and significant phenomenon that competition in qualitative production grows less keen as competition in quantitative production grows more severe. The reason lies in the opening of popular markets all over the world and in the ease with which machinery can be manipulated. Quality demands character in its producers, whether workmen or employers; and character in its turn demands freedom. As workmen sink from independent craftsmen to proletariat their character suffers, the character of their employers suffers, and in consequence the quality of their work suffers. It follows that a virtual monopoly in the world market of quality awaits the nation that first frees its proletariat.

The first business of trade unions is to create a monopoly of labour. Labour being the only possession of the proletariat, they can control that or nothing.

A penny saved is a penny gained. If instead of consuming the whole result of my labour I save part of it, I have added to the community's store of wealth or capital. (As a bee that gathers more honey than it eats adds to the capital of the hive.) With this capital so created by saving I can do one of many things, *e.g.*, (*a*) take a holiday; (*b*) feed workmen while they are performing some service for me; (*c*) feed people who cannot

provide for themselves (children, women, Labour M.P.'s, imbeciles); (*d*) invest it, that is, lend it to somebody who will exchange it for men's labour and share his profits with me. Capital is thus liberty, since it gives me freedom of choice. Without capital there is no liberty.

Capitalists " save " by appropriating from their workmen the difference between the latter's keep and output. Workmen can save only by economising on their keep, that is, by foregoing necessities.

Rent, interest and profit are the true savings of the proletariat—they represent the amount of commodities produced in excess of the amount consumed by the workers. Capital is thus the result of saving. But whose ?

The prevailing system of industry in capitalist countries, civilised and " protected," is forced labour. The proletariat of England must work or starve—exactly as the natives of Oceana, when deprived of their cocoanut trees. Wages are outdoor poor relief paid to able-bodied paupers in return for forced labour.

It is complained that popular education takes the spirit out of the poor, tames them, and stifles in them the desire for further education. *Who* makes this complaint ? *Not* the employing classes !

As the object of the spirit of the hive is to accumulate a maximum amount of honey, the spirit of the State has for its object accumulation in its midst of a maximum amount of capital or property. Theoretically, it is a matter of indifference to the State where or in whose hands the capital is stored. So it be there and increasing—the State is satisfied. What Labour has, therefore,

to prove is that property will be increased by Socialist or Labour legislation. Otherwise, the State must look upon Labour's demands as the demands of robber-bees.

When the last non-unionist has joined his union, and the unions are all linked up in a Federation of Federations, what will they do?

The State is always an exemplary Conservative, since it is the nation's organ of self-preservation. Not for fancy nor for the purpose of improving itself will the State act, for that would be taking risks; and the State must never voluntarily take risks. Threaten its life, however, and the State will do anything. Far from its being a crime, therefore, to threaten the State, the more it is threatened (so it does not become panic-stricken) the better for progress; since to each such threat the State will respond by a new device for protecting itself. States become progressive when anarchists are indulged in them; but anarchists must be very powerful to produce any effect, and very subtle not to induce panic.

The State is the national safe-deposit.

Property is power.

It is "bad" men who assist the "evolution" of the world. Good men are content with simple things and would not exploit beauty, innocence, quiet or their fellow-men. Good men would be content in Eden; but the "bad" must attempt to conquer the world, even at the cost of Paradise. All good men are reactionary and conservative. All bad men are progressive and liberal. Lucifer was a captain of industry, and the Devil is a Whig.

Loyalty in the Labour movement : The proletariat army must be disciplined both to give and to receive orders. There must be, in fact, military loyalty. But the first condition of military loyalty *during action* is that the officers must inspire confidence. Motto for the rank and file : Shoot or obey your officers.

If the employing classes are to remain for ever in possession of all capital, and the proletariat are to remain for ever mere wage slaves, the best advice we can give to the latter is : Educate your masters.

The fallacy in the assumption that Labour is one of the instruments of production can be seen by comparing Labour with Land and Capital. Land can be separated from the landlord ; capital can be separated from the capitalist. In employing land or capital we are not bound to employ a landlord or a capitalist. But Labour is inseparable from the labourer. In employing Labour we are therefore bound to employ the labourer. In fact, the labourer *is* Labour. Thus there are only two real *instruments* of production, namely, land and capital. The labourer is the sole user of them, though the proceeds go to *their* owners and not to himself.

It is, of course, *socially* profitable to have a healthy, contented, and trained population ; but so long as it was not *privately* profitable, employers made no effort to ensure a sound nation. As employers become united in trusts, etc., their interest in universal efficiency becomes common. Hence they are being led to take an interest in public health and such like. Not, therefore, to Christianity or to brotherhood do we owe the modern movement of Social Reform—but to business.

It is significant that the trend of trade unionism today is towards the universal organisation of the crafts. The latest—and, incidentally, the largest in the world—is the National Union of Railwaymen. Substitute Guild for Union and, along with this, change the idea of partnership for the idea of subordination, and the Guild system will have begun.

Already, in common language, the ideas associated with Guild industry are familiar. We speak of the "veterans" of industry as if, indeed, they had been employed in the national "army" of industry. Men draw their "pay" and reveal under this term their hatred of the wage system. They "retire" on a "pension" if possible, and are henceforth "superannuated." This natural vocabulary suggests the naturalness of the system from the thought of which it springs. Every man, even when working actually for a profiteer, prefers to think of himself as working under a national service.

Formerly it was the king's service that inspired loyalty and high effort. We have to learn to transfer the nobility and associations of the Crown to the nation. "By National Warrant" is a higher title than "By Royal Warrant."

For the work they were selected to do, the Trade Unionist Members of Parliament have been well chosen. The blame of their failure lies neither upon them nor upon the unions that elected them; it lies upon the impossible task they undertook and were given to perform. Once the will of the trade unions is turned towards making Guilds of themselves, they will find suitable leaders as they have in the past. The present generation of leaders will never be repeated, but it will be renewed.

The first union that establishes a complete monopoly of its own labour will find the employers in the industry paying court to its leaders and offering partnership—including co-management. Then will come the opportunity of the State and of Labour statesmen to decide between National Guilds and National Trusts—the former consisting of the State and the unions, the latter of private capital and labour in partnership.

Wages are the price accepted for forced labour in lieu of starvation.

Social Reform has almost come to the end of its tether. It will continue until (*a*) all the taxation of the wage-earners is repaid to them in State doles; or (*b*) the investment of capital in labour ceases to be more profitable than its investment in machinery. The bank-rate is the minimum which Social Reform, as an investment by the State, must produce. Unless a measure of Social Reform can produce that, it cannot be passed by a capitalist Parliament.

Even if the State could double wages to-morrow it would not; since it does not believe that higher wages, spent by the workmen themselves, would yield an equivalent increase in efficiency, or the ability to produce profits. The busybodies of the State are certain that increased wages would best be spent by themselves —hence, bureaucracy.

The Labour movement should resist every attempt on the part of the public authorities to establish trade schools. The creation of trade schools will be one of the duties of the Guild. From the State we demand the means of educating the citizen; to the Guilds we

must leave the responsibility of training the craftsmen.

There is a village policeman, a village schoolmaster, a village vicar and minister, a village postman, etc., each of which officers receives pay, not wages. Why should there not be a village carpenter, a village blacksmith, a village mason, a village plumber, each receiving pay but not wages from his Guild ?

The creation of the Teachers' Register now in process of completion is certain to bring about a beneficial change in the status of the teaching profession. From the moment that the profession is enrolled and becomes, for the first time, a defined and corporate and exclusive body, its power will be sufficient to command partnership at least with any local authority. How will the new profession, thus formally created, exercise its new authority ?

Union is strength even when the union is static. A monopoly acts as a monopoly whether it will or no.

Every trade union organiser who attempts to get into Parliament before his union is complete to the last man should be told to mind his own business.

The *only* hope of the workers lies in the solidarity of the unions. Diversion of energy from this object is waste when it is not treachery.

Compared with the proletariat of pre-machinery days the modern wage-earners are supermen of technical skill and productiveness. The milk of labour grows richer in cream with every advance of invention. Yet the cream is always skimmed by the profiteers, however fast it is produced; and the same residue is left

to the wage-earner to-day as to his predecessor of yesterday. Wages on an average have not risen by a penny during the last five hundred years. In the same period, rent, interest and profit have increased by hundreds of times. Wages will never rise under the wage system. As industry becomes more productive the patent milk-separator known as capitalism will skim its cream more and more scientifically ; and always completely.

We shall never be able to see capitalist society as it really is until either by some badge upon them visible to the eye or by some mark discernible on their countenance (such, for example, as shame, fatigue, anxiety, or stupidity) the wage slaves (or such as depend for their existence upon being profitable to some other person) are distinguished from free men. Then for the first time it would be clear even to the wage slaves themselves that only one in ten of us is free, while the other nine of us are as completely at the mercy of the tenth as the four hundred thousand Athenian slaves were to their forty thousand owners.

It is with no mere nihilistic intention that we have made our economic analysis or are now engaged in spreading it as far and wide as we can. To stir up discontent for no other purpose than to behold blind fury settling down again is not to our taste. Our object in making a new analysis of economics is to sustain and justify a new synthesis of society. If we have shown that capitalism rests on wage slavery, and that wage slavery is intolerable when its nature is realised, we have also shown how the system may be abolished, and described the better system that may take its place.

As wage slavery was to chattel slavery, so to wage slavery will be the system of National Guilds.

Private property in the instruments of production (land and capital) is equivalent to the crime of blackmail. By threatening to withhold them their owners can extort any share they please of the product of labour. They are not always prudent enough to leave labourers even enough to live upon.

The English trade unions are the hope of the world.

There is a psychological reason for denying that the capitalist classes can either persuade themselves or be persuaded to distribute wealth more equitably. No class can legislate deliberately for an immediate reduction in its own standard of living. If a parliament of Carnegies were our sole legislators they would still leave matters so that their own immediate prospects were untouched. Mr. Carnegie may be willing to die poor, but he is not willing to live less rich than he is. Only a profoundly religious man or a great artist can legislate knowingly to his own economic disadvantage. A whole class of such has never been seen.

A comparison of the property held respectively by the House of Lords and the House of Commons would indicate exactly their relative political positions. Formerly, the House of Lords was mainly the House of Rent, and the Commons was mainly the House of Interest and Profit. To-day, however, matters are fairly equalised. Hence the disappearance of essential political divisions between the two Houses. For all practical purposes they are one Chamber.

The word of trade unionists to Statesmen: When you are ready to collectivise we are ready to guildise.

The difficulties in establishing the Guild system will be great, but they will be less than the difficulties encountered in establishing the wage system, for the latter runs counter to men's nature, but the former with it.

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